

INSIDE: The fierce campaign to save the national parks

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SEPTEMBER 16, 1985

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COVER

Free Trade

After months of deliberation and consultation with business leaders, politicians and academics, Brian Mulroney's government is expected to propose to the Reagan administration this fall that the two countries launch formal negotiations leading to the signing of an all-encompassing free trade agreement—perhaps as early as 1991. —Page 24

COVER ART BY BOB FLETCHER



A vote for the good life

As Swedes prepared to elect a new government, the prospects for change in the nation's comfortable way of life seemed to fade like a brief northern summer. —Page 18



An anniversary present

Mrs. Mulroney gave birth to her fourth child, Daniel Nicholas Dumortier, a year to the day after her husband, Brian, became Prime Minister of Canada. —Page 46



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A crisis in Canada's parks

Environmentalists' concerns over a rapidly vanishing wilderness threaten to overshadow the 100th birthday celebrations of Canada's national parks. —Page 49



Weighty matters of faith

The film *Agnes of God*, based on the successful Broadway play, raises difficult questions about an angelic nun, an obsessed psychiatrist and an alleged virgin birth. —Page 62

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Q&A: ARTHUR MILLER

A playwright's crusades

Arthur Miller, 66, is one of North America's most prominent playwrights. Famous for his award-winning play *Death of a Salesman*, he is also known for his trapezoidal, five-year marriage to Marilyn Monroe, which he detailed in *After the Fall*. For the past 10 years he has been one of the leaders of PEN, the international literary exchange and anti-censorship association of poets, journalists, editors, essayists and novelists which founded a re-imprisoned Canadian chapter in the spring. In addition to his crusades, Miller is working on an autobiography and has just finished producing a made-for-TV version of *Salesman*, starring Dustin Hoffman, as Philip Loman, which will be shown on Sept. 23/24/25/26/27/28/29. Miller's correspondent Michael Meyer interviewed Miller at his sprawling farm in Southbury, Conn.



Miller: His crusades in chase

Maclean's: Not every famous playwright goes to work as a crusader for international civil liberties. How did you come to be involved with PEN?

Miller: Well, that was begun around the end of the First World War by H.G. Wells, Bernard Shaw and others to alert the next movement toward war. But PEN's guiding lights were mostly writers who had to political talents. By the 1940s and 1950s it seemed as though they were just having fun and discussing academic subjects. A group, in 1964 PEN came to me and asked me to be president. I declined but they kept coming back. Well, I thought the only possible significance this thing can have would be if we tried to make a joining between writers of the West and the East. So I told them that if they would try to work something out with the Soviets, I would be their man. They agreed.

Maclean's: How has the PEN chapter fared since the recent crackdown on *Solidarity*?

Miller: It's pretty much impossible for a writer to publish something that a government doesn't like. PEN does not have

an army. All we have is words, but words that count.

Maclean's: A year ago the state department refused to grant visas to a number of prominent Communist writers—including Nobel Prize-winning Gabriel Garcia Marquez, who wanted to attend a writers' conference in Washington—because of their political views. Do you see any analogy here?

Miller: Well, it's more than an analogy, it is exactly what the Soviet Union would say if they didn't want a certain author or writer or philosopher to enter the country. They would say that it is not in the best interest of the Soviet people.

Maclean's: Has PEN actually helped oppressed writers?

Miller: Sometimes. We have been instrumental in getting Eastern Bloc writers' work published in the West. Our aim is simply to keep free literature alive. Otherwise, the voices fall silent. Or they become govern-

ment stooges. We have also got a lot of people out of dangerous jails, and have freed a couple of Russians. When I was president of PEN, in 1969, we held an international congress in New York, a gathering of 800 writers from all over the world, and we tried to get as many Latin American writers to attend as possible. Unfortunately, many were named Communists, so it would have been impossible to get some of the best writers in Latin America into New York—Chilean Pablo Neruda, for one. PEN went to the state department and explained that this would be catastrophic, and they dropped the bars. In Neruda's case, his feelings about the United States, which he regarded as imperialist, could not help but grow warmer, especially because we arranged readings for him. At the 92nd Street YM YWCA in New York, people were hanging from the rafters. His popularity was unbelievable, and so government could overlook that—either the United States, which had kept him out, or Chile. **Maclean's:** Your most frequently pro-

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good play, *Death of a Salesman* and *The Crucible*, are essentially political works. Why is *Salesman* covering back now?

Miller: I don't know why, but that play has become an artifact of some sort! Dustin Hoffman has wanted to play Willy Loman for many, many years. In fact, he started planning for it back in the 1960s, when he was assistant stage manager of an off-Broadway production of one of my plays, *A View From the Bridge*. Finally, the commitment was there. If you want to try to do a production of that play on a Broadway level, which is what Dustin wanted to do, you have to say that you won't do any thing else for at least a year. You're certainly not going to make money at it.

Maudsley: What are you working on?
Miller: Well, right now I'm going over a television version of *The American Clock*, a mini-series on post-Depression America. And I just finished two plays, which I got typed up last week. *I Can't Remember Anything* is about two old people trying to deal with what one of them considers to be a total waste of her life, and it's a very funny play. It turns out she can remember everything, and that is why she doesn't want to remember anything. There is about the murder of a young woman, how it affects her father's life and how he comes to terms with it. It's a tragic acceptance of a terrifying situation.

Maudsley: And your autobiography?
Miller: Well, actually, I just started it a couple of months ago. Publication is a long way away. Basically, it's a look at how the times changed me and how I tried to change them. And, of course, my life in the theatre, such as it was and is. The theatre in this country is in such chaos, it is amazing that anybody contributes anything.

Maudsley: Is this only your most recent play, *Death*, and not the one that started your earlier plays?

Miller: Well, I don't know. I think the temper of the moment is more and more toward what we used to call entertainment, and that happens because you create a certain kind of atmosphere in the theatre where you charge \$25 or \$40 for a seat. You have drawn out most teachers, most students, most thinkers—the very audience that was once the mainstay of the theatre. Your audience being narrowed down to the most affluent, theatre-minded people, you are bound to affect the product. Terrible is, I don't think things are going to change very much. The only time I saw things change was during the Depression, when the theatres were so severely hit that you could get in for a quarter. It made life exciting. For the most part, it has been downhill since. ☐



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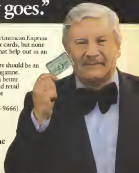
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after at 350 lbs and six feet, one inch
does it with gusto. He began studying
sumo in July, 1982; two years later, in
the fifth of 1984's six professional tourna-
ments, he came within one victory of
winning the championship. Defeating
other high-ranking contenders with dis-
concerting ease, he also became the sec-
ond man in sumo history to move into
the top division after only 18 "bushis," or
tournaments. Now "West Bomb," as he
is known in the Japanese press, is focus-
ing on invigorating debates on the role of
foreigners in the traditionally chauvinistic
Japanese sports hierarchy. "He has
brought a new response to what was
becoming a stodge business," said Chi-
gasa Katsuro, 54, a Tokyo accountant.

"The office where I work is divided—2 to
1 in favor of the giant from Hawaii."
That division runs right through Jap-
anese society. Conservative defenses of
the yama world, including some officials
in the Japan Sumo Association, have
called for a ban on foreign wrestlers. "No
man can compete against us physically,"
wrote association official Koshitaki Ta-
kashiki in a letter to the Japan Times
recently. Said Kono Abe, sports reporter
for the evening tabloid *Fukus Fuku*.
"There is still this old isolationist feel-
ing in Japan. People don't want foreign
stars." Still, for every critic there are
many fans who welcome Koshitaki.
"What is surprising is that he has adapted
to Japan so quickly," Hirohiko Harada,
president of the Rikyo Japan Am-
ateur Sumo Association told *McDonald's*.
"He is so relaxed and friendly."

For his part, West Bomb has devel-
oped an aversion to newspaper report-
ers and has announced that he will take
his vacations—a top wrestler can earn
as much as \$200,000 a year—and return
to Hawaii in 1992, after his 10th season
in the profession. By that time his full-
length portrait may hang along with
those of other giant champions
from the rafters of Tokyo's Kokugikan
Hall. The hall, a 16-minute walk from
the Takasago through the lower town's
narrow streets, hosts the Tokyo tourna-
ments. The semicircular snout of its
main roof 60 feet overhead towers
grandly over the old Ryogoku district.
Inside, older spectators still wear kama-
sori, their traditional dress, a sign of
respect for the sport's roots in Shinto—
the state religion. A two-ton replica
of a Shinto temple roof hangs suspended
from the rafters, casting a benign shadow
over the stadium stands below.

Little will change in such tradition-
steeped settings as the Kokugikan Hall
and the Takasago stable by the time
Koshitaki quits. But he may, over the
next decade, force the insular auto-
mobile of the sport of sumo to accept for-
eign stars with equanimity.

—MICHAEL CLUGGISH in Tokyo

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COLUMN

Frustrations of a Canadian Rambo



By Charles Gordon

Driving back from Rambo, a Canadian finds himself in a traffic jam. This is a slow-lane highway, a marvel of modern technology. Next to this highway, the Ho Chi Minh Trail was nothing.

Rambo has just finished winning the rematch of the Vietnam War. Encouraged, the Americans are thinking of asking that it be made best two out of three. Armed only with a big knife, an atomic law and arrow, several machine-guns and a Soviet helicopter, Rambo has shown what one man can do.

On the slow-lane highway, it is one car against the odds. The Canadian is trying to figure out what Rambo would do in this situation. The car is in the centre lane, which is not moving. The right lane is moving a little, but it will stop, do will the left. Rambo might have run his march here. On the evidence of his two movies, *First Blood* and *Rambo: First Blood Part II*, he needs a blind ledge in which to operate effectively, a jungle if at all possible. On this clogged highway, Rambo would find himself hemmed in by movement and regulations.

If Rambo uses any of his weapons—say, shoots his law and arrow to blow up a few of the cars ahead, he is just causing wreckage and whatnot to be strewn all over the highway. That's not going to help him get home in time for supper. It may just make matters worse.

In addition to making a mess, Rambo will be violating several sections of the Highway Traffic Act as well as innumerable local ordinances, particularly those pertaining to waste, and will, in all likelihood, get a ticket. Once that happens, he may be faced to declare war on the authorities who, although Canadians, resemble the odious bureaucrat who wouldn't let him win the war in the first place. All the time he does this, his dinner will be getting cold.

Lacking a jungle, there are a lot of things one man against the odds can't do. Fortunately for other people stuck in the slow-lane highway, the person in the car isn't Rambo. Rambo wouldn't be up here unless he were trying to cross Canada from the Cornies, and that scenario is probably at least half a dozen sequels away.

The man in the car is just a Canadian, powerless in a traffic jam. Because he is a Canadian, he is not ready to explode his powerful biceps or set shreeking with the need to strangle somebody. He is not even doing a slow burn. He is just

waiting for the traffic to clear. It will eventually. It always does.

While he waits, he wonders what a Canadian Rambo would do. Canadians don't play *One Man Against the Odds*. They try not to let the odds go against them. If the odds look bad, Canadians explore alternative avenues. They cooperate, talk it over, compromise. The Canadian does not see the authorities as the enemy. He and the authorities can work. In partnership, the authorities even making a little subsidy every now and again.

One Man Against the Odds is not a big theme in Canadian movies. It is difficult to remember one, unless it was in one of those self-governed films subsidised by the Canadian Film Development Corp. back in the 1970s. There would have been different kinds of odds. There is nothing resembling Rambo in recent memory.

Lacking a historical tradition, not to mention a cinematic one, the Canadian

'Canadians don't play One Man Against the Odds. They try not to let the odds go against them. They talk it over.'

Rambo will have a difficult time getting to the site of his fight against the odds. The fight against the odds has to take many forms. First, against the odds not being the worst of things you would want to have as close to home as, say, the Northwest Passage. The Canadian Rambo will have to get there, which raises the question of funding. Don't think the authorities will just stick him on a government jet. That would cost. Articles in the newspapers and questions in the House: why can't this guy fly commercial like everybody else?

Flying him over there, sending him, buying him a camera and a law and arrow—it will cost a lot of money. The federal government and the provinces will quarrel over who foots the bill. Corporate sponsorship will be sought, to no avail. Let's let Rambo stay on the ground. The brewery, PetroCanada won't want its logo covered in blood, fire or otherwise. The Canada Council is already weighed with grant applications. Provincial governments say the project does not meet the minimum requirements of a job creation scheme. Faced with a need to minimise expenditures

and keep the deficit under control, the authorities wait for a next sale, then find out that rights must be booked two months in advance and that Rambo must appear on a Saturday.

The idea of the Canadian Rambo just dropping in unannounced between the authorities too. They try to get Rambo a visa, which takes time, adding to the delay already caused when he couldn't locate his birth certificate in order to get a passport. Then there are the shorts. Because the Canadian Rambo has patience and persistence, both national traits, he will get there eventually, although the currency exchange rate is not at all favorable. His ticket includes a car rental and he is able to locate the address of the evil Cornies easily enough by looking for the forest tanker parked outside.

Now what will he do to rescue his imprisoned nation? What if there are no imprisoned natives? The Canadian Rambo has to keep an open mind on the subject. He cannot agonise from a position of complete inflexibility. Nor can he use any of his weapons. They are designed to combat mosquitoes and bloodflies. Even walk in on the captain and present them with a three-ring binder that contains a Green Paper on the problem as he sees it, the recommendations neatly summarised on the first page. But the bad guys may not listen to reason. There are nations in which the concept of a Green Paper is completely unknown. There are areas where no one knows what a White Paper is.

Organising a conference on the subject is out of the question too. Simultaneous translation is lacking, great facilities too primitive. A Canadian Rambo would have just as much trouble being *One Man Against the Odds* in South Asia as in, say, the waters of the Northwest Passage.

There is one thing he can do. It's no easy or right job work. The Canadian Rambo knocks politely on the door, wanders in and asks the bad guys to please sit still these moments, leaving the appropriate space blank for official use. After they surrender—notice that no one dies in a Canadian Rambo movie—Rambo returns triumphantly to Canada, where he is totally ignored until he turns up on American television. Then half the people ask him to run for public office and the other half accuse him of going Hollywood.

Charles Gordon is a columnist for the Ottawa Citizen.

A polite 'no' to Star Wars

Throughout the week suspense and speculation intensified in Ottawa. There, Prime Minister Brian Mulroney waited until the eleventh hour to announce formally Ottawa's policy toward the hotly debated U.S. space defence program. Then, after a day-long caucus meeting the Prime Minister emerged

refrained may make it more difficult for Canadian business to obtain S&T contracts. But Mulroney said "I don't think there will be any disappointment in the White House. The government of Canada was the first to provide support for the United States of America, on Jan. 21, with regard to the research and activities of arms."

Mulroney signalled his decision in a CBC radio interview last week. Said the Prime Minister, "Does it hinder your capacity to act independently? Does it make a subtle voice, Canada's, in the question of arms reduction and arms limitation? These are important questions for a national government, irrespective of the fact that as co-developers

Development Corporation—work that since 1980 had been done by the Ottawa law firm of Gowing and Henderson. William Pao, Mulroney's press secretary, declared, "Categorically, absolutely, the Prime Minister's Office has had no involvement in this whatsoever."

Meanwhile, in the Star Wars domain, Mulroney appeared to be attempting to stake out Ottawa's political independence from a research program that has aroused Soviet protests, threatened future talks on nuclear disarmament and provoked opposition—an outright rejection—from other U.S. allies. "If Mulroney had said yes to us," noted John Lamb, executive director of the Canadian Centre for Arms Control and Disarmament (CCACD), "it would have narrowed future government options with regard to diplomatic action in the area. It could make it difficult in the future to express reservations or opposition if deployment came up." Other observers added that Mulroney may be less enthusiastic about making defence deals with Washington because of the challenge posed to Canadian sovereignty by the presence of a U.S. Coast Guard icebreaker through the Northwest Passage in August.

Other, more complex political calculations may also have come into play. Steven Langdon, a New Democratic Party MP who chaired a special parliamentary committee which held hearings across Canada during the summer on Star Wars and on Ottawa's impending decision on whether to enter into negotiations on free trade with the United States, said that Mulroney may have decided that there were important political benefits in a qualified rejection of Star Wars. "I think that Mulroney is going to take pretty dramatic steps in the direction of free trade with the States," said Langdon. "It's possible that he would want to make sure that, politically, by saying no to Canada's participation in Star Wars."

In reaching his decision, the government had to weigh the possibility that thousands of research-oriented jobs in high-technology industries—and access to advanced new technologies—would be lost if Ottawa decided not to participate in the Star Wars project at the governmental level. Indeed, Mulroney and last March that as many as 35,000 jobs might be created in Winnipeg alone by Canadian participation in Star Wars. As well, the leaders of Canadian electronics and armaments firms supported Canadian participation. And Kenneth Lewis, president of the Canadian Aerospace Industries Association, estimated that 300 could create 50,000 jobs in Canada.

But when said that high-technology industry is not the last word and that, for security reasons, the U.S. military establishment may ultimately prefer to keep top-secret research projects in the

United States. Development Corporation—work that since 1980 had been done by the Ottawa law firm of Gowing and Henderson. William Pao, Mulroney's press secretary, declared, "Categorically, absolutely, the Prime Minister's Office has had no involvement in this whatsoever."

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Mulroney's strategic implications

unquestioned say that American plans to militarize space could frustrate progress at disarmament talks scheduled to resume in Geneva later this month. Last week Mulroney hinted a planned visit later this month of a U.S. Air Force rocket designed to destroy a derelict satellite in space with the aim, and added that if Washington proceeded with the course the Soviet Union would then consider deploying weapons to space.

At the same time, the U.S. proposal, far from irrelevant in Star Wars research has still not won formal acceptance from any allied government. Last August U.S. Defense Secretary Casper Winkler invited the 16 countries of

the North Atlantic Treaty Organization (NATO) to participate, along with Japan, Israel and Australia. But Australia, Norway and Denmark declined almost immediately. Since then, British Prime Minister Margaret Thatcher and other Western leaders have become increasingly hesitant to endorse the project. British hopes of winning \$1.5 billion in S&T research contracts were frustrated last month when a British government delegation in Washington learned that Washington would not agree to any set-aside figure for S&T-related research.

Ottawa's lengthy decision-making process was set in motion after Reagan met with Mulroney in Quebec City last March and repeated Weinberger's invitation. Mulroney's own views on participation in Star Wars appeared to swing back and forth. Last March he said "no" while he supported such a principle. "It is quite another thing to be invited to participate actively in a project where you are not the bigger player, where you don't set the thrust and where you have no control over the parameters."

In order to learn more about the possibilities, Ottawa in April appointed Arthur Krueger, a former deputy minister of transport and economic development, to study the strategic, scientific and economic implications of the U.S. invitation. Then, in June a controversy broke out in Parliament when opposition MPs discovered that the Mulroney government might reach decisions on both Star Wars and free trade before Parliament had been given a chance to examine the issues adequately. External Affairs Minister Joe Clark responded by setting up an all-party House of Commons committee which subsequently spent a month visiting across Canadian cities. The 17-member committee, headed by Tory MP Thomas Houdek, heard reasoned defenses of Canadian involvement in Star Wars—but more often heard impassioned pleas for Canada to stay out of any involvement in the arms race.

Meanwhile, a Gallup poll released in July indicated that 83 per cent of Canadians supported Canadian participation in S&T, although 69 per cent favoured a space-based defense system would make the world safer from nuclear destruction. When the joint committee reported in August it reflected the divided state of Canadian opinion by recommending that Ottawa withhold a final decision until further information is received about the proposal. "We don't even know what the invitation is," Houdek said. With his decision, Mulroney may have retained a flexible role for Canada as potential participant in discussions between the superpowers—a role that might eventually be found more valuable than research contracts.

—MICHAEL ELLSTON in Ottawa



U.S. Air Force F-16 carrying airborne life rocket; Krueger (below) complex calculations in a lengthy decision-making process

from the Robbing Committee Room in Parliament's Centre Block to make one of his year-end government's most important announcements. Ottawa will not formally participate in the Strategic Defense Initiative (SDI), popularly known as Star Wars. With that, Canada became the fifth of 18 Western nations invited to take part in the program to defend the earth from Mulroney. "After careful and detailed consideration, the government of Canada has concluded that Canada's own policies and priorities do not warrant a government-to-government effort in support of SDI research."

In issuing his policy "no" to President Ronald Reagan, Mulroney attached two major qualifications. For one thing, he said that he supports the United States proceeding itself with any research "on right of significant advances in Soviet research." For another, he said that privately owned Canadian companies and universities will still be free to bid for S&T-related contracts, estimated to be worth \$20 billion.

Still, the decision represented the first public disagreement between Mulroney and Reagan. At the same time, the



McGee's

WILLIAM H. H. H.

Macdonald's master plan

In the fall of 1988, with the Canadian economy mired in recession and unemployment at its worst levels since the 1930s, then-prime minister Brian Mulroney resorted to the classic face-saving solution for intractable Canadian problems: Announcing the formation of a royal commission under former Liberal Finance Minister Donald S. Macdonald to inquire into Canada's economic prospects.

Macdonald declared that the commission's terms of reference would be "perhaps the most important and far-reaching" in Canada's history. Thirty-four months later, and at a cost to taxpayers of \$20.6 million, Macdonald's commission had just presented a three-volume, 2,414-page report which put forward sweeping proposals ranging from a guaranteed minimum income for post-familial to suggestions for boosting Canada's population and reorganizing the education system to better supply future labor markets.

The report also endorsed the idea of a free trade arrangement with the United States just as Prime Minister Brian Mulroney's Conservative administration is deciding whether to embark on negotiations with Washington (see p. 21). This report, which was commissioned by 32 members of research, advised Canadians to accept certain unaltered ways that will demand open-mindedness, courage, innovation and determination. "Even so, many of the key proposals advanced by the commission were, in fact, familiar ideas, dated and well-promoted with alacrity," said Allan Short, Mulroney's Tory Premier Peter Lougheed. "If the Macdonald commission, which I felt was so heavily loaded with liberals and centrists, feels the way to go is free trade, that speaks a lot for the conclusion."

The commission's blueprint for Canada's future involves a guaranteed minimum income. In its proposed free Universal Income Security Program (UISP), the commission urged the government to scrap existing social support programs which cost Canadian taxpayers about \$40 billion a year and replace them with a guaranteed annual income.

Among its other recommendations, the federal deficit by \$10 billion by

1990-95, reduce state intervention in the marketplace, cut back the role for agricultural marketing boards, tighten employment insurance regulations and lower benefits, introduce a consumption-based system that would tax only that portion of income actually spent on goods and services and reward savings; double investigations to 120,000 new Canadians a year, and provide for an elec-



Macdonald combined *vision* and a *blueprint* for a new society

of income in an effort to make government institutions more democratic. The Income guaranteed income Ottawa would have to slash family allowances, child tax credits, income tax exemptions for spouses and children and the Guaranteed Income Supplement for pensioners (the basic federal pension program would be left intact). As well, federal contributions to public housing and welfare programs would have to come. Under the proposed new program, a family of four with no other income would receive \$13,000 a year, and, at the other end of the scale, a family earning \$50,000 would lose about \$5,000 annually or disposable personal income.

The report also attacked Ottawa's employment insurance program, which it blamed for encouraging as many as two per cent of unemployed Canadians—there were 1.3 million jobless Canadians in July—to stay out of the work force. As part of its plan for less government intervention and more freedom for capitalist enterprise, the commission proposed sharply reduced employment insurance payments and a

new system of early retirement, worker relocation and job retraining programs. The commission also recommended that companies that regularly lay off workers should pay higher unemployment insurance premiums. Said Macdonald in an interview: "What was possible in the 1960s is no longer true in the 1980s. If we have to have continued increases in the standard of living, we are just going to have to change."

Turning to the political sphere, the commission suggested that the Senate be replaced by an elected upper chamber. It proposed that the number of senators be increased to 144 from 904 and that they be elected by a system of regional representation, equivalent to the less populated parts of the country.

In its other recommendations, the commission proposed that Ottawa adopt a more expansionist monetary policy in an order to bring down interest rates and promote job-creating economic growth, and argued that Ottawa should be prepared to respond with wage and price controls if inflation soars again. The commission also argued that federal aid to higher education should go directly to students rather than to the universities.

Initial response to the massive report varied widely, but even critics appeared impressed by the breadth and encyclopedic detail of the report. Roger Haines, president of the Canadian Chamber of Commerce, described the result as "a monumental work that merits applause for its quality and depth." Other Canadians, and particularly those who saw their own economic interests or regions threatened by the commission's free-trade, economic philosophy, were less enthusiastic. Donald Gerald Yetman, president of the Nova Scotia Federation of Labour, who feared the implications of free trade and changes to the unemployment insurance system. "Some will just be little tourist boats." For his part, Mulroney warmly welcomed the commission's advocacy of free trade. But for the rest of the report, Mulroney merely noted that it contained "some conflict ideas" and, a confident Macdonald said he is satisfied that the government will be asked to act on the free trade issue, adding, "Something will happen."

—BOY MACGREGOR in Ottawa with correspondence reports

An island's season of discontent

Prince Edward Islanders have become the owners of a 16-story hotel and convention centre in Charlottetown. The complex, built for \$22 million in the early 1980s, was bought out of receivership late last month by the island government for \$5.1 million. The 190-room building now has a foreboding, unfinished air, its pale copings of pink brick contrasting awkwardly with the Victorian clapboard houses and modest ornately trimmed commercial buildings of the island's capital of 25,000 people. An arcade built to house a dozen boutiques displays only vacant windows. A.D. Bruce MacLean referred to the hotel as a "white elephant" and "that disaster on the waterfront"—and even those who support the province's purchase say that the complex probably should not have been built.

When developer Bernard Dale proposed it in 1980, the Prince Edward Island Hotel and Convention Centre was envisaged as a glittering showpiece for a province where tourism is the second-largest industry. Instead, it has become a glaring symbol of the difficulties facing the island's fragile farm- and resource-based economy. And a provincial cabinet decision to take over the hotel could rebound against Conservative Premier James Lee's government if, as many islanders expect, Lee decides to call an election sometime this fall.

Things began to go wrong for the ambitious Charlottetown development almost from the moment construction began, in June, 1981. Developer Dale's firm, Bessie, the proposed private investment, floundered when interest rates soared in 1981, and in late 1982 construction stopped for nearly six months. The white Dale sought new buyers. By the time the mortgage agent, early in 1984, was forced to liquidate, the project was \$18 million in debt, with Ottawa and the province agreeing to guarantee \$22 million of that. Then, within months a management agreement between Dale's company and Hilton Canada Inc. of Macdonald tipped after a disagreement. And in February a proposal to order put the complex, which employs as many as 150 people, into receivership. With the province's \$5.1-million purchase of the facility, about 200 creditors will have to write off \$600,000 and Ottawa will lose \$16 million to the Bessie firm, adding, "Something will happen."

Defending the government's decision to buy the hotel for a cost that is greater than the provincial tourism budget (\$3.5 million in 1988), Lee points to the concerns of other island hotel operators,

who feared out-of-town hotel competition of the new complex was sold at "fire sale" prices to private buyers. "We were gouged by the hotel operators and the tourism association," Lee told Macdonald's staff he added that the province will not keep the hotel, and officials have begun looking for an acceptable

centre is going to hurt him," declared James MacNeill, editor of the Montserrat-based weekly newspaper *The Eastern Graphic*. "People assume that not only does it cost more, it'll cost forever and a day."

Against that Lee has at least one recent political ally in his favor. An



Convention centre in Charlottetown: a glaring symbol of economic difficulties

buyer even before the transaction is finalized on Sept. 27.

Still, some of the island's 120,000 residents have expressed anger at Lee's last-minute rescue. "The convention

Lee's concerns over an evicted majority



early election would enable Lee to capitulate in a popular decision to endorse provincial land ownership controls against the powerful New Brunswick-based Irving family. In August Lee's cabinet ordered Irving-owned Cavendish Farms Ltd. of New Brunswick to divest itself of 1,600 acres of the 4,400 acres of island farmland it controls. Two days later Prime Minister Brian Mulroney flew to Charlottetown to attend a local strawberry festival, fueling further election speculation.

There may be more pressing reasons for Lee to decide to call an early election—only three years into a four-year term. After taking over the Tory leadership from former premier Angus MacLean in 1981, Lee called an election the following year and won 33 of the legislature's 35 seats to 11 for Joe Ghis's opposition Liberals. The Tories' majority has been steadily eroded by a 1984 by-election overhaul, the resignation last month of Finance Minister Lloyd MacPhail to become the province's lieutenant-governor and the retirement of Tory M.A. William MacGillivray (to leave the island

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standings in the legislature at dissolution in May: Conservatives 16, Liberals 12, independents 2. As well, there are signs that the island economy, despite a generally bleak summer, may be weakening as the result of deflating investment and low prices for the output of the province's agricultural and fisheries industries. With fully 182 per cent of the island's labor force jobless, unemployment in P.E.I. is the fourth-highest in Canada, and unemployment insurance payments worth \$190 million a year are the second-highest contributor to the provincial economy after agriculture.

When an election is called, a single issue—Lee's inability to deliver relief from electricity rates that are twice the national average—is likely to dominate the campaign. Electrical rates have been an issue for years on the island, which has no hydroelectric power of its own and depends on oil-fired electrical power generation and imported electricity. During the 1982 election campaign Lee claimed that he had secured agreement with New Brunswick and Quebec to lower the cost of power exports by 30 per cent. Then, after the Tory victory the agreement broke down when the New Brunswick Power Commission insisted on recovering its costs. Now, political observers say that Lee must deliver relief, or risk heavy losses at the polls.

In the end, that could mean that the election's timing will be determined by decisions made in Ottawa. The island treasury could not afford the estimated \$18.5 million a year it would cost to reduce power rates to the Canadian average, and negotiations between Charlottetown and Ottawa have so far produced no formula acceptable to both federal and provincial Conservatives.

For some observers, the appearance of a premier left at the mercy of federal civil servants seems to have reinforced a sense of humiliating dependency on the part of Canada's smallest province that is a problem which the Liberals' Gibb has sought to turn to his advantage. "In hard times, we need a government that's prepared to stand up for Prince Edward Islanders," Gibb said. "What we have now is capitulation." Meanwhile, there are indications that the Liberal attack may be working. In a poll published last week in the Charlottetown daily newspaper *The Evening Patriot*, 46 per cent of those polled supported the Liberals, 36 per cent said they would vote for the PCs in an election and 10 per cent supported James Mavor's provincial New Democratic Party, which has yet to win a seat in the P.E.I. legislature.

—CREEK WOOD with BARBARA MACDONALD in Charlottetown

Closing a fiercely fought case

Last May Prime Minister Brian Mulroney's government was caught off guard by a New Democratic Party MP who disclosed details in the Commons of an internal government report. The document recommended that \$312 million be cut from federal programs for Canada's native peoples over the next two years. Two months later the RCMP was charged. Richard Price, a senior civil servant in Ottawa's Indian affairs department, with a head of treason. The decision to charge Price provoked criticism from opposition politicians—and even from within Mulroney's Tory cabinet. Then, last week, Ottawa's attorney general appeared to suffer another setback when British Columbia's Attorney General Brina Smith announced that he would not proceed with the case.

If Price had gone on trial—his case was due to be heard in a B.C. provincial court next week—he would have become the first person in Canadian history to face criminal prosecution for making public a cabinet document. Just two weeks before the case was revealed in the Commons, the Mulroney government resisted a postal worker fired by the previous Liberal government for giving documents to the Tories when they were in opposition. In explaining his decision, Smith noted that, although there was evidence to support a criminal charge against Price, he decided that it was not "appropriate to use the Criminal Code," because Price had no previous record—and had already been punished by being fired from his job in the policy and planning section of the Indian affairs department. Added Smith, who appeared to be indirectly endorsing Ottawa for pressing the case. "The Criminal Code should be used sparingly and with care."

In Ottawa, Justice Minister John Crossin announced that federal prosecutors would not pursue the charges against Price. To do so, he added, might make Ottawa appear to be "acting vindictively." Although it was his department that initially ordered the RCMP investigation, Crossin insisted that Smith did not go as far as to prosecute the case was "in the best interest of the administration of justice."

Price's supporters were delighted by the decision, but they also continued their criticism of Ottawa's handling of the case. Thomas Berger, a former B.C. Supreme Court justice who is a fervent champion of native rights, denounced the original charges as a "clever case of selective prosecution."

He added Smith had done "the decent thing" in shelving the charges. Berger wrote to Crossin in August explaining that he intended to co-ordinate Price's defense and he urged Ottawa to drop the case.

For his part, James Fallon, the British Columbia MP who revealed the contents of the leaked documents in the Commons, declared that the charges against Price should have been withdrawn, rather than staged. "By not withdrawing the charge," Fallon added, "Mulroney has sent a powerful message to civil servants that if they follow their conscience and disclose material they will face job loss and the threat of a five-year jail sentence."

At the same time, Price, a 43-year-old ordained United Church minister who has been working as a consultant to Alberta Indian bands since he lost his job, defended his action. He declared "I did what I did as an act of conscience, as a Christian, and as a commitment to the people I've worked with." In the meantime, the highly publicized release of the information may have helped to protect native programs from the Mulroney government's cost-cutting campaign. After the leak, Mulroney pledged that there would be no spending cuts in the Indian affairs budget during the current fiscal year, and some of the report's policy recommendations have so far been taken up by the government.

—CINDY BARRETT with JANE OTTAWA in Vancouver

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Swedish voters visiting campaign information booth in Stockholm, Adelsö, for the opposition, mixed opportunities

WORLD

A vote for the good life

For a short time last week, the bank Baltic breeze that swept across Stockholm's central boulevard, the Strandvägen, seemed to carry thousands of historic political change. Under the watchful robbings of the Opera Cade, a gathering place for the city's best and brightest, the talk turned increasingly to possibilities that were—by Swedish standards—almost revolutionary. If the opinion polls held until the Sept. 16 election, a coalition of three center-right parties would replace the governing Social Democrats, who have held power in Sweden for 67 of the past 83 years. Such a sweeping redesign of the contours of the modern Swedish state would probably lead to a serious weakening of the traditional welfare society. That such a scenario was even thinkable indicated that Sweden, for years the envy of people in many countries of the West, was in the midst of a crisis.

But last week, as \$3.3 billion Sweden watched the end of the election campaign, the prospects for dramatic change were fading. Like the country's brief northern summer. Under three-

time Prime Minister Olof Palme, the Social Democrats had rallied to take a narrow one-percent edge-point lead in the polls. The Swedish economy, pinched between a 16-percent last rate and eight-per-cent inflation, was still in a period of robust growth. And the three opposition parties had spent most of the campaign on the defensive, either assuring voters that they were not contemplating fundamental reforms of social programs or attacking each other over basic policy questions. In fact, they were not even able to agree on which party leader—Moderate, Centre or Liberal—would be come prime minister if the coalition won.

The most probable choice would be Ulf Adelöw, chairman of the Moderate or conservative party in his attempt to become his party's first prime minister since 1926, the 43-year-old Adelöw had fashioned a platform

based on tax cuts to marginal rates of income, reductions in the growth rate of the public sector and the privatization of medical and day care. "We've got to stop this vicious cycle of tax and subsidies," Adelöw, a former politician, said repeatedly. "A Swede should be able to live on his own income." That message carried a special resonance for Sweden's young professionals, as well as for first-time voters, about 46 per cent of whom were leaving to toward the Moderates.

But for Adelöw the campaign was largely a chronicle of missed opportunities. In the spring, an anti-government newspaper reported that Palme had won a \$5,000 fee for an address to Harvard University. The fee, which would have been taxable, was instead given to Palme's eldest son, Joachim, as a scholarship at the same institution. But the resulting controversy lasted only a few days. A few weeks



later a Swedish technical journal disclosed that the government had secretly conducted nuclear weapons tests for 18 years after the 1960s. Sweden's parliament had formally ordered the research stopped. In fact, the tests continued for five years after Sweden took the lead in signing the United Nations nuclear nonproliferation treaty.

The revelations, observers said, could have been damaging politically to Palme. As secretary to former prime minister Tage Erlander and later as his successor, he was almost certainly aware of the tests. But the Moderates were unable to turn the initial outcry into a national scandal.

The Social Democrats' recovery in the polls, analysts say, was largely a result of Palme's personal credibility. At 36, he exuded an air of casual confidence, turning up at campaign rallies in worn-out shoes and old mud-splattered pants, his cowboy hat standing up like a wheat shock. In fact, many Swedes compare him to former prime minister Per Albin Wadström, brilliant but impractical, respected by most but loved by few, capable in one moment of immense charm and in the next of intellectual brutality. Indeed, one Swedish critic, writer Jan Myrdal, once noted that Palme "lived the aristocratic mentality of a Freud as a country officer."

Still, most Swedes seem comfortable with Palme. Alone among contemporary politicians he has put Sweden on the international stage and given it prominence at disarmament conferences and other forums for peace. Moreover, the Social Democrats and the welfare state, which they have helped to promote, are so entrenched as Swedish society—in the 3.8-million-member unions, the civil service and the powerful government agencies that implement policy—that they now represent the party of the status quo. And many Swedes clearly welcome that development. "Better the devil you know," said one elderly woman in Stockholm's central Sergels Torg plaza last week. Added Anna Carlsson, a young mother shopping for shoes, "I don't want the city's Culture House to close, nor the private sector making money off my child."

At the same time, the opposition parties consistently made early mistakes in the campaign. In one incident, Adelöw's offensively dumbed-down economic warnings against South Africa, because he said they would hurt "poor Negroes." However, the central weakness of the coalition parties, which ruled Sweden from 1976 to 1982, has been their inability to lead Sweden beyond the comfort of a system in present terms called economic drift and a succession of four sensible governments. Palme now describes their time in office as "the bourgeois period," and he authoritatively

explores any flaws in their record. The only issue on which the alliance agrees is opposition to Sweden's new *Arbetslöshetsförsäkring*, or "wage earner funds." Introduced by the Social Democrats 21 months ago, the controversial system allows union-controlled boards to invest small percentages of corporate profits and employee wages in shares of Swedish industry—to a maximum of 80 per cent of any one company. The funds have not had nearly the impact feared



Palme: An air of casual confidence

by their detractors—that they would reduce Sweden's pool of risk capital—or as expected by their advocates—that they would ease demands by labor for higher wage contracts. But a majority of Swedes regard them as creeping socialism in comparatively uninflected private industry, and the coalition has pledged to dismantle them.

But the center-right parties still had a reasonable chance at capturing majority of the 349 seats at stake (131 if Sweden's standstillers were Social Democrats 160, coalition 160, Centre 20). Less than a week before voting day six per cent of the electorate was still undecided.

ed—a remarkable figure in a nation where political bylaws are traditionally sealed well in advance.

The public debate has been dominated by discussion of the country's economic performance. For the Social Democrats have accounted the positive, citing record corporate profits and modest progress on cutting inflation and interest rates. "We're on the right track," Palme tells his audience, adding, "Let us not encourage Sweden with unbridled politics." The opposition has stressed the negative: a growing national debt of 574 billion, compared to Canada's \$55.8 billion, and the highest tax burden in the Western world. "We have a high standard of living," said Adelöw, "but we have it on loan."

Still, the contest in the campaign lies beneath the said analysis of wage settlements and current account deficits. Palme insists—and most Swedes apparently agree—that the Social Democrats have provided "the most humane, the most humane system in history." "Virtually every social need from infancy to old age is freely available or heavily subsidized. But the result is that Sweden has become a *forbudsstat*, a nation of rules and regulations in which individual enterprise is considered to be subversive to the common good. It has become, in the words of writer Jan Danner, "a huge collective." The law, he says, were intended to improve people's lives. "But somewhere on route, a number of those laws became means in themselves and people actually [found] they were prisoners."

For Hans Zetterberg, the respected head of the Swedish polling institute SIFO, whoever is the winner this Sunday will not make a significant difference. For the first time in Swedish history, he declared, and perhaps for the first time in Western history, an absolute majority of the electorate—54 per cent—depends on the state for employment or life-sustaining subsidies. The election, Zetterberg adds, is not a contest between Palme and Adelöw, but even more so between socialist and non-socialist blocs in a struggle between the public and private sectors.

Two weeks before election day, Palme faced Adelöw on a 10-minute TV debate. Preparing for it, both men made a show of collecting. Adelöw jugged a few miles, Palme went rowing. The choice of activity seemed appropriate. Adelöw is running largely under his own power. Palme is gliding, buoyed by the powerful arms of the Social Democratic network. On that basis alone, the patrons of the Opera Cade are willing to give a slight edge to Adelöw. But if the election swings a surprise victory, they warn that Sweden will not change.

—MICHAEL PERROWE in Stockholm

Stabbing at the heart of apartheid

To South African whites Cape Town has always been known as the "mother city," the secure region that served as a base for the first floor frontiersmen. Since racial violence broke out in February 1989, Cape Town's white neighborhoods have again been islands of calm. But last week that serenity was disrupted when a group of 300 blacks—people of mixed race—infiltrated the comfortable Cape Town suburb of Windsor Park. There, they threw gasoline bombs and bricks at

mine union leaders charged the authorities with mistreating the use of unnecessary force. They blamed what they described as police brutality for inciting strikers whose strike last week collapsed after only two days. Cyril Ramaphosa, head of the 500,000-member National Union of Mineworkers (NUM), said that the strike had attracted the support of 25,000 miners, but mining company officials claimed that only 14,000 participated.

See observers @spaid Ramapho-

belian in/leave, most of them short-term. Sailed, President Pieter Botha declared a four-month moratorium on repatriation. De Kock then said he might pledge the nation's huge gold reserves as collateral against the foreign debt. Still, the action did not calm the international business community's concerns over the crisis. The South African currency, the rand, continued its decline after Johannesburg money markets reopened last week. Finance Minister Harold de Plessis had closed the markets on Aug. 27.



Angry blacks demonstrating near Cape Town: disrupting a white car company accustomed to isolation from racial unrest

harmes reserved for whites. Whites responded with pistol fire and shotgun blasts.

The attack was the first on a white community in 29 months of civil strife, and it was particularly alarming to whites accustomed to psychological and physical isolation from racial unrest. Still, that activity was mild in relation to the scale of unrest in black townships, where police attacked protesting blacks and coloreds with stunning fury. In one incident near Johannesburg, witnesses claimed that police unleashed attack dogs to scatter a group of black mourners observing funeral rites for a 21-year-old student shot by police. In addition, authorities closed 500 schools reserved for coloreds, turning them breeding grounds of unrest.

sa's claims that the mining companies had coerced workers to return to the pits. They said that the strike collapsed when the giant Anglo American Corp., the largest mining company, offered pay increases of 19 to 22 per cent, nearly meeting NUM demands for across-the-board 30-per-cent raises. The collapse of the strike was clearly a major relief for business leaders. The nation's economy depends on exports from South Africa's vast mining complexes to earn foreign currency. And the rich underground resistance played an especially important role last week in South African Reserve Bank governor Gerhard de Kock's search for a solution to the nation's financial crisis.

When repeated attempts to brake an international run on the nation's \$19

when the rand fell to an all-time low of 25.45 cents (U.S.). But despite a sharp increase in value early in the week, nervous lenders continued to sell the rand.

At one point the only sector of the South African economy that seemed to be surging ahead last week was the personal security industry. Gun merchants in Cape Town reported a dramatic increase in business as white residents armed themselves against growing violence. The mood of increasing alarm among once-comfortable white South Africans led hard-line apartheid supporters to predict an inevitable backlash against black and colored unrest.

—JARED MYNRELL, with correspondence reports

BRITAIN

A matter of image



Thatcher: marital strife

The actions seemed designed to repair the government's badly damaged image. Indeed, when British Prime Minister Margaret Thatcher announced a major reshuffle of her cabinet last week, analysts said that its prime purpose was to improve the government's reputation for inaction as Britain's 134-parliamentary assembly rose.

The most prominent casualty of Thatcher's shuffle was Home Secretary Leon Brittan, who was replaced by Northern Ireland Secretary Douglas Haug. Sources said that Thatcher had bowed to pressure from nervous Tory back-benchers to purge at least one of her closest lieutenants who seemed incapable of selling the party's free enterprise policies to disenchanted voters. The changes took place at a time when Thatcher's Conservative Party is making third in public opinion polls. She described the shuffle, expected to be the last before she calls a general election in 1987, as part of an "unprecedented approach to unemployment." But opposition Leader Neil Kinnock declared that Thatcher had done little more than "perform 'a game of musical chairs in the sound of the death march'."

JAPAN

Catching a kingpin

It was a classic American-style "sting" operation. But when Honolulu's police arrested two leaders of Japan's biggest crime gang, the offenders were felt far beyond the borders of the United States. Undercover agents posing as criminals arrested Masashi Takemura and Toshiyuki Ito of Japan's notorious Yamaguchi-gumi crime syndicate after they approached the agents, offering to pay \$20,000 for a hit man who could operate a rocket launcher. The U.S. police said that Takemura had sought a hired gunman to kill members of a rival gang in the Japanese seaport city of Kobe after they murdered his brother in a vicious street war that has raged for eight months. Since the war began over control of the Yamaguchi-gumi, 15 gangsters have died and 49 Kobe residents have been wounded in running street battles. Although Takemura's arrest last week was expected to dampen the gang war, the operation caused acute embarrassment for Japanese police, who were still conducting a manhunt for the 48-year-old crime boss when he was detained.

AFGHANISTAN

Battle on the border

An obviously worried Red Cross official surveyed the remains of wounded Afghan guerrillas pouring across the border into Pakistan last week. "They are coming hour after hour," said hospital manager chief François Des Rallières. Indeed, an fighting continued last week between Soviet troops and rebel Mujaheddin (only warriors) in the Afghan border province of Paktia, both sides apparently suffering heavy casualties. In the most recent, Kabul government radio admitted Soviet

day that rebels had shot down an Afghan airliner, killing 52 people. At one point, the fighting threatened to spill into Pakistan territory. The aim of the Soviet-led offensive is to cut off traditional rebel supply lines between Pakistan and the Afghan interior. Military analysts in Pakistan said that at least 20,000 Soviet troops have been committed to battle in one of the largest offensives in the six-year-old war. But, the tenacious Mujaheddin have shown no indication of surrender.

THE SOVIET UNION

Turning the heat on

As both sides prepare for a November summit, the United States and the Soviet Union are engaged in a high-intensity campaign to gain international support. In a major interview in last week's Time magazine, Soviet leader Mikhail Gorbachev declared that U.S.-Soviet relations are deteriorating dangerously. Then the White House demanded that Soviet television give President Ronald Reagan air time to reply. Gorbachev offered to reduce his number of Soviet missiles in exchange for a U.S. commitment on research into the space-based Strategic Defense Initiative, popularly known as Star Wars. At the same time, the Soviet official news agency TASS said that if the United States went ahead with a proposed antisatellite (ASAT) test the Soviet Union would end a two-year-old moratorium on tests of a similar device of its own. Pentagon officials said that they would proceed with the test, possibly later this month. Still, many analysts said that last week's exchanges were little more than what one called "superpower sabre-rattling" in the weeks before Reagan and Gorbachev meet in Geneva on Nov. 13 and 14.

KAMPUCHIA

A mass murderer's exit



Pol Pot: reign of terror

His name is synonymous with war and slaughter in Kampuchea. And when officials of that nation's rebel Marxist Khmer Rouge guerrillas announced last week that the movement's leader, Pol Pot, is retiring, diplomats searching for an end to the fighting in Kampuchea expressed immediate relief. The 50-year-old Pol Pot is considered to be responsible for a reign of terror that resulted in the death of between two and three million of his countrymen from 1975, when the Khmer Rouge took power, until 1978, when the invading Vietnamese overthrew his brutal regime and set up a local puppet government. Since then, 30,000 troops still loyal to Pol Pot have fought an unsuccessful guerrilla war with the Vietnamese, along with other rebel groups loyal to the noncommunist Khmer People's National Liberation Front and Prince Norodom Sihanouk. Hanoi has maintained that Pol Pot's elimination was an immediate condition for ending negotiations on the withdrawal of its troops and for opening peace talks. Indeed, many regional diplomats declared that his retirement had finally removed any excuse for the Vietnamese to delay negotiations. Said Thai Foreign Minister Siddhi Savarit: "At last we can see at the end of the tunnel some light."

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FREE TRADE

On a cold, cloudy morning late last January, 40 senior executives of some of Canada's largest corporations filed into a conference room in a suburban Toronto office building for a highly unusual and confidential meeting. Among the influential participants: the chief executives of such diverse and powerful enterprises as Bell Canada of Montreal, Stelco Inc. of Toronto and B.C. Resources Investment Corp. of Vancouver. Their purpose: to form a blue-chip task force to pressure the new Conservative government of Prime Minister Brian Mulroney into negotiations aimed at liberalizing Canada-U.S. trade. Since that inaugural meeting—in telephone calls, over private lunches and in back-room lobbying sessions—Canada's business elite has helped to push the hottest debate about free trade to the top of the country's economic agenda. Saul David, vice-chairman of Toronto-based CIL Inc., who hosted the first meeting and is chairman of the task force: "Right now there is an unusual degree of acceptance for the idea of hammering out a new trade agreement, and we must take advantage of that."

Reaganism. Indeed, never before in Canada's history has the momentum for continental free trade been so strong and so widespread. For more than a century successive federal governments have lacked any firm or consistent open-door policy with the country's largest and closest trading partner because of fears that it would erode Canadian sovereignty. But now, led by such devout free-traders as Alberta Premier Peter Lougheed and Richard Lippin, senior economic adviser at Toronto's C.D. Howe Institute, a growing number of academics, business leaders and politicians are pressing for lower trade barriers. Their aim is to subvert protectionist sentiments now building in the United States and to safeguard the country's prosperity in a competitive global marketplace.

Last week the Macdonald royal commission on the future of the Canadian economy added an important voice to the chorus of private and public support for freer trade. After an exhaustive three-year study noting \$98.4 million, the commission recommended that Ottawa and Washington phase out tariffs over 30 years and establish a bilateral body to rule on such border-trade barriers

as quotas and government procurement policies. Said the report, "The day of the apologetic Canadian is gone, and there is the reason to suppose that our present confidence will be undermined by an arrangement designed only to secure a continuing exchange of goods and services with the United States."

For Mulroney, whose government is

poised effects of lower trade barriers on the economy. The expected result: Canada will propose to the Reagan administration this fall that the two countries launch formal negotiations leading to the signing of an all-encompassing free trade agreement—perhaps as early as 1987.

In many ways, the growing consensus



Reagan (left), Mulroney: gathering support from academics and business leaders

on the verge of a historic decision on the country's trading options, the release of the Macdonald commission's report could not have been better timed. Six months ago, at the Shogomokh Summit in Quebec City, he and President Ronald Reagan signed a commitment to "bail protectionism on crime-border trade in goods and services." Within days of that declaration, International Trade Minister James Killebrew set out on a 35-city cross-Canada tour to instill public support for trade liberalization. Later this month Killebrew is due to report to cabinet on his consultations and on the findings of a wide-ranging series of studies by federal bureaucrats on the socio-

economic and business leaders for North America free trade represents a dramatic retreat from the economic nationalism of the 1970s. According to pollster Allan Gregg, president of Toronto-based Decision Research Ltd., 88 per cent of Canadians now believe that the country should seek closer ties to the United States, compared to only 60 per cent who felt that way three years ago. And while free trade is not a burning issue among ordinary citizens, more than two-thirds of Canadians express generalized support for the concept, which most of them vaguely equate with increased sales of the country's exports and more jobs for the 13 million unem-

ploied. Said Gregg: "The tendency is to believe that the economic benefits of greater Canada-U.S. trade will outweigh the cultural risks." But Gregg added that Canadians still harbor a deeply rooted ambivalence toward their neighbors to the south. "If the experience of free trade are able to portray it as something that will make us lapdogs of the Americans, public support for the concept will quickly disappear."

Bordering. During such a lull, the Mulroney government has so far approached the Canada-U.S. trade issue gingerly. The Tories are keenly aware that any firm commitment by Ottawa on free trade could trigger a valley of protests from economic nationalists who argue that by opening its borders to unrestricted two-way trade, Canada would be gambling with its own destiny. In addition, both organized labor and the Ontario government are poised to fight freer trade. They say it would pose a threat to thousands of manufacturing jobs—the vast majority of which are concentrated in Central Canada—because companies could not compete with larger, more efficient American manufacturers.

To that end, the Mulroney government has carefully avoided use of the words "free trade." Instead, cabinet ministers employ such euphemisms as "trade enhancement" and "securing Canadian access" to U.S. markets. A government discussion paper released last January even refers to the goal of "a bilateral arrangement involving reciprocal market access commitments." Declared Killebrew: "The semantics are very important. To the man in the street free trade conjures up an image of the United States as a blood-sucking Dracula. Most people do not understand what it is we are trying to accomplish." In any case, he added, pure free trade is an unrealistic ideal, the next that can be hoped for is some form of comprehensive trade agreement that eliminates tariff and nontariff barriers on most, but not all, goods crossing the Canada-U.S. border (page 36).

Unfair: If the Mulroney government does intend to begin trade talks with the United States, it will have to act soon. As Killebrew is quick to point out, protectionist pressure in Washington is bound to increase once formal campaigning gets under way for next year's mid-term congressional elections. So far Reagan has vowed to issue only purely protectionist bills. To satisfy congressional demands, the President criticized, in his Saturday night broadcast, what he derided as unfair trading practices by Japan, Brazil, South Korea and the European Community.

If recent political trends continue, there is a strong possibility that enough Republican senators will be ousted in



Border moment at Eliseo, Wash.: conjuring up an image of a bloodsucking Dracula



Kelcher, testing the waters with telephone calls, private meetings and tours

1980 to shift the balance of power in the chamber to the Democrats, who already have a majority in the House of Representatives. That's where Conservative free traders in Ottawa, who point out that Democratic congressmen are much more friendly than their Republican counterparts to just reopening trade restrictions. Declared Kelcher: "It is true, but that the Democrats will control both the Senate and the House of Representatives, that is a recipe for disaster."

In Canada the pressure for freer trade with the United States began to build long before last year's landslide Conservative election victory. During the 1981-82 recession, developed countries around the world began to raise import barriers in order to shield domestic industries and preserve existing jobs. Because so many countries depend heavily on free and expanding trade with Canada—30 cents out of every dollar of the country's gross national product comes from exports—Canadians clearly had a lot to lose.

Dependence: At the same time, the then-Liberal government had concluded that previous attempts to reduce Canadian dependence on the U.S. market by expanding trade with Europe—Pierre Trudeau's so-called Third Option—had failed. Between the early 1960s and 1980 Canadian exports destined for Europe fell about 30 percent from 35 percent as a result, hence the move in Ottawa, begun in 1980, to open up the country to free trade with the United States.

Still, the Canadian public seemed unconvinced of the benefits of freer trade. In March, 1982, a Senate foreign affairs

committee, headed by Liberal Senator George Flett, issued a report calling for a comprehensive free trade arrangement to improve Canada's economic development—only to be disappointed by the study's lukewarm public reception.

Architects: In the months that followed, however, the free trade spirit attracted an increasing number of converts among the architects of federal economic policy. Disillusioned by the

Breche: "we must take advantage"



failure of many of the government's minimalist economic policies, the Liberals were casting about for a new economic platform that could help to restore economic growth while at the same time improving their fortunes in the business community. In August, 1980, then-international trade minister Gerald Regan issued a review of Canada's trade policies that advocated so-called sectoral free trade arrangements, in which trading nations attempt to negotiate free trade or an industry-by-industry basis. Six months later Regan initiated talks with his U.S. counterpart, then-trade representative William Brock, on the merits of removing trade barriers in four specific industries: specialty steel products, non-ferrous metals, agricultural equipment and computer services. Explained one high-ranking Canadian official last week: "In 1980-83 there was no widespread support from industry, the provinces and academics for full free trade. But our reading was that, if we could get some things started, we might be able to move on to something broader."

Analysis: Two events prompted a wider debate. First, negotiations between Ottawa and Washington on trade liberalization bogged down, partly because of opposition from the U.S. steel industry, partly because the Reagan administration feared that any agreement between the two countries on sectoral free trade would be subject to challenge under the General Agreement on Tariffs and Trade. The 30-nation body established in 1948 that led to a broad liberalization of world trade. At the same time, the Liberals, led by John Turner, were defeated at the polls and replaced by Brian Mulroney's Conservatives, who were anxious to signal their desire for freer economic relations with Washington in order to reap the benefits of Canada's proximity to the huge U.S. market. Said Finance Minister Michael Wilson in his November economic statement: "The question is how best to capitalize on this advantage while maintaining the adjustment that freer trade would entail."

Behind the scenes, Reagan administration officials were also beginning to warm to the idea of a two-way trade deal with Ottawa. Read one Canadian official who took part in the preliminary discussions in late 1980: "Our job was to feel them out, to see how much interest there was on their side in some sort of formal arrangement. Pretty soon everything began to gel." Among the positive impetus a trade bill passed by the U.S. Congress last fall that authorized free trade with Israel and Canada and provided for the negotiation of similar bilateral trade agreements with other countries to reduce or eliminate tariffs and other trade barriers.

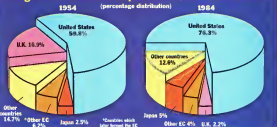
Kelcher, the trade minister from Saint John, New Brunswick, named to spearhead the public discussions, moved quickly to orchestrate the debate. His January discussion paper laid out four options: the status quo or so-called "sectoral free trade" deals such as those favored by the Liberals, a framework agreement under which each government would slowly continue talking about ways of reducing trade barriers, and a comprehensive bilateral trade agreement that included the removal of virtually all tariff and non-tariff barriers between the two countries. "There is no risk-free option, including the status quo," the paper warned. Kelcher intimated that the "They government" still had an open mind on the question. But

support for freer trade between the two countries. More than 75 per cent of Canadian exports—worth \$92 billion—were sold to the United States in 1984. Although most of the approximately 600 presidential bills currently before Congress are aimed at Third World countries, Europe and Japan, Canadian manufacturers would almost certainly be caught in the crossfire of any worldwide trade war. Declared Brian Gray, vice-president and general manager of the 72,000-member Canadian Federation of Independent Business: "There is a fear that Canadians will be affected by trade barriers that are really aimed at Japan or Korea." And U.S. legislators have already erected barriers to Canadian goods, and there are threats to limit

chair Stevens and External Affairs Minister Joe Clark. Added Roger Harrel, president of the Canadian Chamber of Commerce: "We have conducted an indirect lobby through the media in order to keep the message before the government that we want to move to freer trade through a comprehensive trade agreement."

Ties: Outside business circles, support for free trade has come from such economists as Richard Lipsey, senior economic adviser to the Toronto-based CD Howe Institute, a privately financed conservative think tank. In a widely distributed monograph issued in May, Lipsey argued that Canadian industries were becoming increasingly unable to compete with producers in

The growth in Canadian exports to the American market



he will state, such that, of the four options available to the government, the Tories were leaning to an all-encompassing free trade treaty—with negotiated exemptions for selected weak industries such as textiles, footwear and agriculture.

Ashev: Two days after Mulroney and Reagan stood among the columns of Quebec City's Citadel and vowed to work toward better trade relations, Kelcher set off on a cross-country tour to test the political waters. Over a six-week period, the 54-year-old lawyer visited 15 cities and collected briefs from industry, labor, commerce and cultural groups on Canada's participation in world trade. If the tour sometimes resembled an election campaign, it was hardly a negative one. Advised a Kelcher aide: "We wanted to awaken the public to the vast portions of trade to Canada, to the fact that the time has come for us to take action."

For their part, Canadian business leaders are almost unanimous in their

support of freer trade and less

protectionism. In the face of such pressures, many businessmen say that Canada's only recourse is to push for widespread trade liberalization. And they have spared no effort in presenting their case to federal

officials. Frank Petric, president of the Ottawa-based Canadian Export Association, for one, said that his organization has appeared before the special joint Commerce-Secretary of State committee on Canada's economic relations to declare its support, and it has presented a brief to an Ottawa legislative committee on trade and industry. Kelcher meets with cabinet ministers every week, including Kelcher, Wilson, Regan and Industrial Expansion Minister Sh-

lower-man countries, including South Korea, Brazil and Mexico. As a result, he said, the only current possibility for major increases in Canadian exports lay in fostering closer economic ties to the United States. That in turn would lead to greater efficiency in production in Canada because manufacturers would be guaranteed access to a market of 250 million people rather than the 35 million they now serve.

According to Lipsey, the political momentum for freer trade is now so strong that it would be dangerous for the Tories to ignore it. "Five years ago the message was 'wait and see,'" he said. "But over the past year there has been a remarkable coming-together of the views. I think that when Kel-



either started his travelling circuit. He was surprised at the level of enthusiasm for negotiations with the United States. "Added an adviser to Mulroney: 'The amount of public opinion really is soaring.'"

But while business leaders and Conservative politicians are pressing for closer ties to the United States, economic nationalists are gearing up to oppose them. Edmonton publisher Mel Durand, for one, said that a suspended two-way trade "could spell the end of this country both culturally and politically," and he accused the Mulroney government of attempting to manipulate public opinion in favour of free trade.

Mulroney: Another outspoken opponent of a comprehensive trade agreement is Harrison McCain, chairman of the board of McCain Foods Ltd. of Florenceville, N.B. In the midst of deliberations at the premiers' conference last month in St. John's, McCain sent each of the provincial leaders a 200-word Telex arguing that such a Canada's agriculture and food-processing industry cannot compete with U.S.-based firms. "Unfettered free trade will result in a substantial reduction in employment and investment in Canada's agro-food industry," McCain wrote. He added a special postscript to Ontario Premier Edward Peterson, congratulating him for being the only premier not to push for free trade. In fact, Peterson told Mulroney's that the premiers did not move a joint communiqué on the subject, because "some of the ones who were presumably in favour of it understood that the others were talking about." Critics also worry that Canada would not have the muscle to negotiate from a position of strength—particularly if Ottawa enters the talks with the aim of shielding certain industries, including culture.

Osborne: Despite these and other objections, Mulroney appears ready to strike his government's negotiating on the belief that most Canadians are willing to accept the risks that free trade would entail. But as he prepares to make one of the most far-reaching decisions in Canadian history, the Prime Minister is also keenly sensitive to the political hazards that lie ahead. As he told a crowd of supporters during the 1985 Tory leadership campaign in Thunder Bay: "Free trade with the United States is like sleeping with an elephant. It's terrific until the elephant twitches, and if the elephant mals over you are added mass." Clearly, Mulroney, guessing that it is failure (or worse) to the south will keep to his side of the bed.

—BOB LEE and SANDY TIFE
JAN RALMLEY and MARK CLARK in Toronto
ANDREW WILSON SMITH in Montreal
ANDREW NICKERSON in Edmonton
JAN MISTEN in Washington
DAVID MACKENZIE in Ottawa

Free trade's best friend

Alberta Premier Peter Lougheed has been one of the most vocal and prominent proponents of a free trade agreement with the United States. In an interview with Maclean's Edmonton Bureau Chief Andrew Nickerson, Lougheed explained his stance.

Maclean's: When did your interest in free trade begin and why?

Lougheed: I've always been aware that our ability to express our standard of living depended upon our ability to sell



Lougheed: "biggest bunch of nonsense"

more of our products and services in world markets. Since becoming premier in 1971 I have been involved in a number of missions to Europe, the Soviet Union and the Middle East, and out of that has come a realization that there are major trade barriers in the world. Secondly, with the last round of GATT in Geneva, it became clear that Canada really wasn't in the final decision-making. It was the European Community, the United States and Japan, and we literally got the crumbs of the negotiations. I came to the conclusion in the late fall of last year that the only hope for Canada to maintain its standard of living was to enter into a comprehensive trade relationship with the United States and that the benefits far outweighed the risks.

Maclean's: Who has been most influential in shaping your thinking?

Lougheed: In terms of factual content I was really impressed with the report of the C.D. Howe Institute in May. My thinking also has been shaped by negotiations that have told me that they are not prepared to expand in Canada—even though they have been successful—if their market is in the United States. Secondly, so many commentators in Alberta feel strongly that they can compete in the American marketplace if given the long-term assurance of market access. The support we analyze in the province comes from across the board in the private sector and from citizens generally. This is an 80-20 issue with Albertans.

Maclean's: Where do the figures 25-per-cent for and 25-per-cent against come from?

Lougheed: It's just instinct, political instinct. I don't have polls on it.

Maclean's: How much of your passion for free trade is political instinct?

Lougheed: Quite a bit of it, because it relates to a personal analysis that I have made of the American Congress. If we find ourselves with a series of protectionist bills approved by Congress in 1986 and a President near the end of his second term, it will be very difficult for Canada to reverse these factors.

Maclean's: How can Canada get a fair shot on free trade when protectionist sentiment is so strong in the U.S. Congress?

Lougheed: The U.S. Congress has not been extremely protectionist until recently. This development has arisen from the very large U.S. deficit. If we don't do anything they are going to raise more duties, and since they are dumbed that they will be very difficult to open. We may already be too late. But if we have a chance we might be able to convince them to have a separate arrangement with Canada within the next six to eight months.

Maclean's: Nationalists argue that a bilateral trade agreement could impair the sovereignty of our country and eventually result in our annexation by the United States.

Lougheed: I think that's just the biggest bunch of nonsense I've ever heard in public policy. Why would the United States enter into an agreement with Canada? They really have only one motive they believe in trade liberalization, and if they can show the rest of the world that both countries benefited from such a relationship, then they would be able to convince them that protectionism is not the way to go.

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A historic debate begins

"In 20 years time, surely Canada will be regarded as much as they [the] economic necessity of an influx of Yankee blood will have its way and abolish this ridiculous boundary line."

—Frederick Engels, a founder of modern communism and a successful labor organizer, in *Lettres to Americans*, 1846 to 1855. Selection.

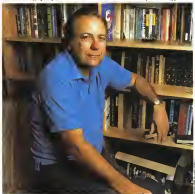
A century after Engels's confident prediction, Canadians are facing with renewed force the intense economic attractions of "Yankee blood." Few Canadians seriously suggest that the "industrial boundary" be erased, but there is a growing movement among Canadian business leaders, economists and the government to pull down the ragged wall of tariffs between the two neighbors. That could lock off repercussions far beyond the borderless world of economics, cutting into the jealously defended realm of Canadian cultural and political sovereignty.

Under the vague banner of "free trade," proponents and detractors alike have used a variety of terms—economic, cultural union, bilateral, multilateral or central free trade—to define a dizzying series of options for a new trading relationship with the United States. For a worried Quebec textile worker, a hapless lumberman in British Columbia or a concerned economic nationalist, each scenario carries with it a markedly different set of costs and benefits. The options include:

Common market: The purest example of free trade and the most complex type of economic integration. Under the generally accepted definition of a common market, all tariffs or quotas would be lifted on all products crossing the Canada-U.S. border. All services, from trading in grain to consulting, would cross freely as well. The open border also would allow the unrestricted flow of money and workers between the two countries and require a common set of trade barriers against all other nations. It could also include a common currency or a fixed exchange rate.

Free trade: A less ambitious and political union that could result from a common market is, for opponents of enhanced trade, a worst-case scenario. The common tariff barriers would require Ottawa and Washington to have a common foreign policy on such issues as

Customs union: A limited form of common market. A customs union provides for the free movement of goods and services—but not people and money—from country to country. It also requires a single set of tariffs and trade barriers against nonmember nations. A majority of Canadian trade specialists appears to



Lipsey: Isolating the promise of a new prosperity and a bolder economy

trade with Cuba, Nicaragua, or South Africa. And the free movement of workers would require common immigration laws. Most observers agree that because of the vast differences in the size of the two countries, there is little doubt that the American view would prevail as most policy issues.

A common market seems to be unpalatable even to such staunch advocates of liberalized trade as the C.D. Howe Institute in Toronto. Said Richard Lipsey, senior economic adviser to the prime minister: "Canadians who wish to maintain their independence in political and economic policy would never accept such a restriction on their freedom of independent action."

repet the arrangement as too much of a threat to Canadian sovereignty.

Regional free trade: A series of limited accords to ease barriers in specific areas, such as the steel or lumber trade. There has been practically no progress in making such arrangements since the Liberal government first proposed talks of the issue in 1983. The difficulty of finding a fair trading balance in each sector—whether it involves the removal of U.S. tariffs on steel or the lifting of so-called nonreciprocal barriers like the "Buy American" policies which make sales of Canadian-made buses and subways extremely difficult—will likely drag negotiations into the next century with little hope of resolution. Critics say

disparate sets of negotiations lack the guiding vision of an all-encompassing trading relationship. Recently, in fact, there have been some advances in talks on enhancing free trade in agricultural products and equipment, but at the same time, there has been increased pressure in Washington to restrict the 33-1/2% annual import of Canadian softwood lumber.

Returning Alberta Premier Peter Lougheed, who visited the United States in May as part of his campaign for a free

economic or foreign policies on trade with outside countries. But even if talks begin immediately, some free trade advocates predict that negotiations will need at least 18 to 24 months to draft an agreement for study by the two governments. Even then, most observers say that tariff reductions would be phased in over at least 15 years to protect producers in both countries to minimize the costs of adjustment. As a result, an agreement would not be in full effect until near the turn of the century.

matters—entering, for example, that Canada would not have to adhere to the U.S. ban on Cuban imports.

Whatever form a Canada-U.S. trade pact may take, most economists say that it would have to include some mechanism to arbitrate future trade disputes. Quebec Liberal Leader Robert Bourassa, a longtime advocate of liberalized trade with the United States, says that a sort of "border court" would be essential. "If you don't have a court that arbitrates power, the potential barriers will go on," he said.

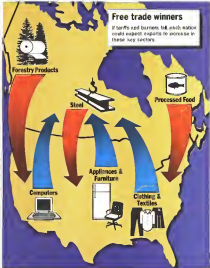
There are numerous other potential obstacles. A successful economic integration would have required a free trade agreement because of the potential danger of a massive disruption of its manufacturing sector. And because Ontario produces more than half of Canada's exports to the United States—in fact, the value of Ontario-U.S. trade alone exceeds that of U.S.-Japan trade—its concerns carry significant weight. Some economists also say that the United States would likely demand the removal of several nonreciprocal barriers, including provincial and federal agricultural marketing boards.

Washington would also likely challenge Canadian legislation aimed at protecting institutions of culture and communication. But C-66, introduced in 1976, would be a particularly strong protectionist symbol for American negotiators. Under one of the bill's provisions, Canadian firms cannot deduct the costs of advertising in magazines unless the publication is Canadian-owned, has 50%-cent Canadian content and is printed in Canada.

"We had no significant magazine publishing industry in Canada prior to 1976," said Donald Campbell, chairman of Toronto-based Maclean Hunter Ltd., owner of *Maclean's* and numerous other publishing and broadcasting properties. "But with protection, hundreds of magazines have started up since 1976."

According to Lipsey, negotiators would probably have to jettison Bill C-66 because "it is probably inconsistent with any concept of free trade." But the business press's *Playboy* magazine says that the American side is more sensitive to Canada's fears of cultural dominance than they would accept some form of protection for Canadian publishing, broadcasting and film industries. Lipsey added that a subsidy, rather than the tax penalties of Bill C-66, would be less offensive to the Americans.

Still, there is a rapidly growing degree



trade agreement, later told Mulroney that several negotiations would be supported in Congress on the administration's terms.

Comprehensive free trade agreement: Also known as a free trade area, a comprehensive agreement is considered the most likely form of a liberalized trade accord. It would eliminate most of the barriers almost all tariffs and trade barriers between the two countries without tying either government to common

The scope of negotiations would be staggering, acknowledged Jack Peltason, director of research for the House Council on National Affairs, a proponent of free trade. Almost all sectors of the economy would have to come under discussion of the talks were to have any hope of success.

As well, a mechanism would have to be created to guarantee each nation's right to its own foreign policies on trade

A koala presents his grievances about Business Class to Qantas management.



New leg rests and other comforts are discussed—sometimes, heatedly.

KOALA: You've really done it this time, Qantas. Leg rests in Business Class. Not mere footrests like other airlines.

QANTAS: We're rather proud of that. They're the only Business Class leg rests in the world.

KOALA: It wasn't bad enough that Qantas invented Business Class. Now you go and make it better.

QANTAS: We do want our passengers to be comfortable.

KOALA: Comfortable? This is ridiculous. They can actually put their feet up and sleep.

QANTAS: Getting together with TWA was a stroke of genius, actually. Our passengers earn bonus points on both of the airlines. Good for travel on either one of them.

KOALA: I hope they do their bonus traveling with TWA.

QANTAS: They could, of course. But we'd be delighted if they chose to fly to Australia and the South Pacific with Qantas.

KOALA: And I assume you're delighted about your schedules, too. More flights from North America to Australia than anyone else.

Three non-stops a week from Los Angeles. And now you're the only airline with daily flights from L.A., San Francisco and Honolulu to Sydney and Melbourne.

QANTAS: The thought had occurred to us.

KOALA: Now more business travelers than ever will be coming to Australia. To disturb my peace and quiet.

QANTAS: We're sorry, but...

KOALA: I suppose you're sorry about the Frequent Flight Bonus Program,* too.

*Must ride in U.S. coach only.

QANTAS: Those things do give us a certain advantage.

KOALA: And scheduling your flights out of Sydney so they arrive in L.A. in the morning. Does that give you an advantage, too?

QANTAS: It gives our passengers more connecting flights to choose from. So

they'll be home in Chicago, or New York, or wherever, in time to have dinner.



KOALA: Speaking of dinner, I assume you're still offering a choice of delicious entrees, with complimentary wines and cocktails?

QANTAS: Yes. Served on real china and crystal. And you forgot the complimentary in-flight entertainment.

KOALA: This is getting unbearable. Do you have anything else up your sleeve?

QANTAS: Hmmm. No, I don't believe we do.

KOALA: That's good.

QANTAS: Wait a moment. Did I mention the increased baggage allowance for our Business Class passengers?

KOALA: I hate Qantas.

 **QANTAS**
The Australian Airline





Auto-plant workers, weighing the attraction of higher wages and lower prices against jobs lost and lives disrupted



Steel plant in Franklin, Pa., a consensus that even a carefully written agreement would leave whole industries overwhelmed

of support for free trade with the United States. The clear reason for the enthusiasm: the prospect of a free trading market of about 250 million Americans and 26 million Canadians in a single geographic zone. Lipsey's study for the C.D. Howe Institute concluded that Canada's gross national product—the value of all goods and services produced—would increase between three and 10 per cent under liberalized trade.

In addition, Lipsey predicted a sweeping series of benefits as it is a seven-per-cent increase in living standards resulting from lower consumer costs through increased competition from U.S. products and from larger production runs in Canadian plants able to serve an expanded market, a wider variety of consumer goods, a reduced flow of investment in the United States by Canadian companies who move there simply to avoid U.S. tariffs, and as an end to the brain-drain nature of the Canadian economy caused by U.S.-owned companies establishing Canadian subsidiaries to escape tariffs.

The same optimistic tone flows through an ambitious and influential study on liberalized trade by economists Richard Harris, a professor at Queen's University in Kingston, Ont., and David Cox of the University of Western Ontario in London. Their economic projections, based on the removal of tariff barriers with all Canada's trading partners, indicate real wage and productivity increases of between 20 to 25 per cent for their 1976 levels. According to the study, published in 1983 by the Ontario

Economic Council, "The major effect of free trade would be higher real incomes for Canadian labor, and lower prices for many imported and domestically produced goods." And because three-quarters of Canadian trade is with the United States, the authors concluded that most of these benefits would emerge from a bilateral agreement with Washington. One group of winners would be Prairie farmers, who, according to a study commissioned by the three western wheat pools, would gain another \$60 million a year by 1990.

For some Canadian consumers, free trade offers the prospect of shelves stocked with American leather and sportswear clothes as long as they preferentially priced because of tariffs. But for a number of Canadian workers, free trade might result in job loss, dislocation and retraining. Even the fiercest proponents of free trade predict that the flood of U.S. products that would follow any accord would

wash out or badly injure numerous Canadian industries.

The Harris-Cox study listed five of the most vulnerable sectors—furniture and fixtures, leather, miscellaneous manufacturing, tobacco and machinery. The study added that all of these sectors would suffer an initial 10-per-cent de-

cline in profits with free trade. As well, the report concluded that about six per cent of the work force would be "reallocated internationally," with the workers involved losing their jobs and retraining for different lines of employment. "It hurts our own industry, hurting profits, is all but wiped out," the study added.

In fact, as many as 50,000 of the 56,000 jobs in the Canadian textile industry could be lost because of U.S. imports. In Winnipeg alone, 8,000 garment workers are potentially at risk in Sharfco's, Que. 30-year-old Peter Sauer, operations manager for Sautana Inc., a footwear manufacturer, declared that even after a recent \$200,000 modernization of his factory, the firm still needs the protection of import quotas for at least five more years.

Sauer, who started work at the shoe and boot plant in 1948, made firm the footwear industry would be destroyed by abolishing quotas. He added: "If that happens, I am really puzzled as to what I will do. This is where all my experience lies."

So that, confirmed free trade experts respond with a kind of corporate Darwinism: any industry that cannot adapt and survive without the protection of tariffs—which contribute to artificially high prices for consumers—

should be allowed to collapse. They add that many of the industries that would be threatened by a Canada-U.S. pact, such as footwear and textiles, are under even greater pressure from cheap imports from underdeveloped countries.

Still, many supporters of free trade acknowledge that extensive support for the inevitable losers in any Canada-U.S. free trade arrangement would be a critical part of an accord. Wage subsidies, job retraining, mobility grants for displaced workers who have to move and assistance grants to hard-hit industries would all be needed.

Indeed, a central issue in the debate is whether the price of a free trade agreement would outweigh the benefits. The cost of compensating the losers becomes the real issue," said Ron Preston of the Economic Council of Canada. But Gordon Janzen, for one, a research associate with the Independent Conference Board of Canada, said that the rewards would outweigh the costs. "I haven't seen any empirical study that says Canada would be a net loser," said Janzen. "If you just go on the basis of pure economic theory, if you have a small country making an arrangement with a big country, the small country is going to gain."

Some economists say that the impact—positive or negative—would be reduced by a phased implementation of the treaty. One method suggested by Ronald Wonnacott, an economics professor at the University of Western Ontario and a longtime free trade crusader, would be to cut tariffs in both countries by one-third or by one percentage point

per year, whichever is larger. The proposal would eliminate the Canadian footwear tariff, now an average 22 per cent, within 10 years. The American footwear tariff, now about 4.8 per cent, would be eliminated in nine years. In most sectors U.S. tariffs, which are usually about half as large as their Canadian counterparts, would be eliminated a year or more ahead of those in Canada. The result would be a brief period in which Canadian producers would have free entry into the U.S. market while enjoying some tariff protection at home, said Wonnacott.

There is no indication that American negotiators would agree to a phased-in accord. But Wonnacott and other Canadian economists say that the advantage is nevertheless that Canada will bear the heaviest cost of adjustment in any trade agreement. The \$136-billion annual trade between Canada and the United States is the world's largest. But while Canada sends three-quarters of its exports north, U.S. trade with Canada accounts for just 22 per cent of its exports.

Proponents of a trade agreement say that there are several international trade relationships that prove the profitability of tearing down tariff walls. One of those is the Australia-New Zealand Closer Economic Relations agreement, for example, which will lead to the gradual elimination of all tariffs, import quotas and export incentives by 1995. One year after the agreement was signed on March 26, 1983, trade between the two countries had increased by 46 per cent. But many experts are still concerned

that, for Canada, free trade might prove to be only the prelude to a loss of sovereignty. In the introductory essay to *The Other Mainwold Report*—a book containing briefs submitted to the commission's findings—editors Daniel Drache and Dennis Cameron wrote that "free trade is only a code word for continental integration." Other critics say that in a future bilateral dispute, Washington could exercise immense influence on Canadian policy by simply threatening to cancel a free trade agreement on which Canada had become economically dependent. It is an issue that troubles many Canadians on both sides of the debate. But the Business Council on National Issues, for one, studied the likelihood of the United States abrogating a trade treaty. The verdict, unlikely out of hundreds of international treaties it has signed since the Second World War, the United States has cancelled just 10, most of them with Communist bloc countries.

And Business Council researcher Finlayson said that Washington can already put pressure on Canada at any time by blocking imports. "We are very vulnerable now—22 million workers are dependent on exports for their jobs," he said, dismissing the danger of a treaty being broken. Added Finlayson: "That argument would be more compelling than it is if we weren't already so dependent on the American market."

—KEN MACQUEEN in Ottawa with Harris and Wonnacott media reports



Business warnings



During White House, an angry mood in Congress, an embattled administration and a divided business community

The U.S. view of Canadian trade

Forty years ago there was no question where the United States stood on trade in the aftermath of the Second World War. Washington was determined to tear down the great tariff walls that uplarded the 1890s. These barriers had stifled trade, intensified the Depression and led, in part, to the Second World War. With the end of the fighting, America emerged as the great crusader for free trade, cajoling and goading the nations of the world to open their borders. Under relentless U.S. pressure, many tariff barriers—both American and foreign—crumbled. The results were remarkable and outstanding: between 1948 and 1973 world trade grew by an average of seven per cent a year and total world production climbed at an annual rate of five per cent.

Concededly, that the United States of 1945 shows ominous signs of swinging back to the protectionist days of the Depression by last year's soaring U.S. dollar had pushed American-made goods out of the reach of many foreign customers and turned a long history of trade surpluses into a staggering \$100-million U.S. trade deficit. That reversal

has given rise to a nationwide surge of anger against U.S. trading partners and spawned nearly 400 proposals for protectionist legislation in Washington. "I have never seen stronger congressional sentiment for acting on the trade front," said Senate Majority Leader Robert Dole. "My colleagues—including strong advocates of free trade—are fed up."

Yet not all official Washington has succumbed to the protectionist barrage. For its part, the White House has warned that it would veto any protectionist bills passed by Congress. Last month President Ronald Reagan backed up the administration's free trade choice by refusing to oblige the U.S. shoe industry's request to impose quotas on imported footwear. And a White House trade official said he is certain that the President favors negotiation of a Canada-U.S. free trade pact. Indeed, Reagan proposed a sort of North American common market in 1980 during his first presidential election campaign.

The White House can count on some of the giants of American industry to back it in its dealings with Congress. Last week the Canadian-American Commerce Committee, an organization of business, professional and labor leaders

jointly sponsored by the Washington-based National Planning Association and the Toronto-based C.D. Howe Institute, endorsed negotiations for a free trade agreement with Canada.

Still, trade negotiators on both sides of the border are finding it difficult to measure the depth of support for free trade in the United States. "It's not a sensible idea for anybody to try and gauge U.S. reaction right away," said William Diebold, a retired economist formerly with the Council on Foreign Relations and a longtime U.S.-Canada trade observer. "The issue has not been discussed in this country on the level it has been considered in Canada." Added a congressional trade expert, "It's very hard to assess what the consensus is—in fact, I don't even think there is one." Diebold and others agree that the spark for Canada-U.S. talks must come from Ottawa. But Peter Hume, vice-president of the National Planning Association, "The initiative clearly has to come from Canada."

Forerunner: That first step is expected to come within two weeks, probably in the form of an official letter from Prime Minister Brian Mulroney to Reagan in which Mulroney clearly has to come from Canada.

negotiations. A favorable response is almost assured.

If Reagan recommends negotiations, Congress has 60 days to vote his proposal. One Canadian Embassy official in Washington said that he expected both the Senate and the House of Representatives to hold hearings to discuss the issue because "there are a lot of members of congress who would like to get their look at the issue as any free trade Canada-U.S. trade issue that Mulroney then." But while the hearings might generate a great deal of angry debate, particularly over the growing levels of Canadian softwood lumber exports to the United States, few observers predict that Congress would veto the talks.

Dispute: The key figure across the table from Canadian bargainers would be Clayton Yeutter (presumed re-elected), the U.S. special trade representative. Reagan held the now 64-year-old Yeutter the post of chief executive of the Chicago Mercantile Exchange to the administration's top trade position last April. Most observers expect that Yeutter's inexperience and his preoccupation with disputes involving Germany and Japan will prompt him to appoint William Wolf, assistant deputy trade representative for the Americas, as his chief lieutenant. Wolf is widely regarded as a pragmatic and capable negotiator with a thorough knowledge of Canadian-U.S. trade relations.

If a draft treaty does emerge, its path to ratification by Congress will be eased by a year-old bill authorizing a free trade agreement with Israel. The U.S.

Israel legislation would not serve as a model for a Canada-U.S. deal—U.S. trade with Israel totaled only \$3.4 billion last year, compared to almost \$18 billion with Canada. But tucked on to the Israeli trade measure is a rider that sets out a new and simplified procedure for congressional approval of future bilateral trade deals. More often than not, means without free support in Congress whether and the form and design and approvals that the new legislation forces Congress to deal quickly with any free trade agreement that the administration negotiates. Congress would not be able to amend the package, and both the Senate and House of Representatives would have to vote on it within 60 days. A simple majority in both chambers would make it law.

Intervention: Still, Congress will have a powerful—though informal—influence on any negotiations. Advised one White House trade official, "Obviously we would be very foolish not to work very closely with Congress." Non-observers see strong intervention by Reagan himself as the key to securing enough congressional support to guarantee passage of a free trade bill.

One factor that would aid the administration in any push for a free trade agreement would be the potentially arduous trading relations between Canada and the United States. The risk of trade disputes that have made headlines for years in Canada, such as the U.S. forestry industry's attempt to limit imports of Canadian lumber, pass almost unnoticed in the United States.

Still, it is unclear exactly how the White House would sell a deal to skeptical congressmen with liberal inclinations to protect. "It's very hard to imagine that you can make a terribly strong case for free trade on purely economic grounds," said Diebold. And except for U.S. corporations with a substantial interest in Canada, support from the business community may also be limited. According to Frederick Stoheld, the director of international business relations for the U.S. Chamber of Commerce, free trade with Canada is no more a burning issue with most U.S. businesses than it is with Congress. "There's no great outcry for free trade from U.S. business because its interests in Canada are never focused," said Stoheld. "I have to say that, but they tend to treat it like U.S. business in California." Still, said Stoheld, "The business community in Canada is a huge market but that is characterized by a lot of it's barriers to trade."

Persuaded: Some observers say that Congress may be persuaded that a pact with Canada would be a useful example to the rest of the world of U.S. protectionism—the Japanese and European. Others suggest that many U.S. leaders are concerned by the increasing prominence of trading blocs elsewhere. The European Community and the European Free Trade Area, in which Scandinavia is a dominant partner, for example, are carving out a large share of the world's economic activity. "There is a strong desire to further strengthen their trade ties. And one aspect said Japan is considering an agreement with China or with all the nations of the eastern side of the Pacific Rim."

For now, the administration is content to wait until Ottawa makes the first move. "Nobody really expects the Prime Minister to be in Ottawa," said one White House official. "We just don't know what Ottawa is going to bring us." If, as expected, the Conservative government decides to negotiate trade talks with Washington, one thing is certain: the resulting negotiations would likely prove to be the most complex and difficult diplomatic undertaking in the history of Canadian-American relations.

—MARC CLARK with IAN JESTER in Washington



William Wolf

The hidden blocks to trade

In Geneva on April 22, 1986, representatives of 90 nations ended six years of painstaking negotiations in Tokyo by approving a historic agreement to end tariffs on the goods trading between countries by an average of 35 per cent over the next eight years. The deal was the seventh concluded under the General Agreement on Tariffs and Trade (GATT), the international body set up in 1948 to

lengthen. "Our concern is not tariffs. It's the other barriers that can open or close at the whim of Congress."

Harassment: The number and variety of NTBs continue to grow. Some barriers masquerade as technical or health regulations or as labelling requirements. Occasionally governments resort to outright harassment. In 1983, when Ottawa was pressing Japanese automakers to limit their imports to

charges of unfair competition. If the six government appointees who comprise the commission accept a complaint as valid, the GATT recommends to the department of commerce that a "reasonable duty" be applied. In the past, two years since U.S. firms have filed complaints against Canadian producers of such diverse commodities as sugar, fish, hogs, raspberries and steel.

The number of U.S. complaints filed against foreign imports has been rising. In 1979 the total reached 88 cases. In 1984 it investigated 186. In 1985 a flurry of complaints by U.S. steelmakers—many of them aimed at Canadian competitors—drove the total to a record 320 cases. "U.S. industry has learned to fine tune these tools by dragging their competitors into lengthy and expensive defenses," said John Armstrong, manager of tariff and trade affairs for Dofasco Inc. of Hamilton, Canada's second-largest steel manufacturer.

Privileges: That potential for harassment has convinced many Canadian trade experts that any Canada-U.S. trade pact would have to contain some mechanism to limit frivolous complaints. Almost all of the American complaints allege that Canadian producers benefit from some form of government subsidy, ranging from farm price stabilization programs to transportation subsidies arising from government payments to railroads.

But while Canadian officials dispute the significance of the subsidies, they freely acknowledge that Canada also uses NTBs. One common barrier to imports, both federal and provincial, that gives preference to Canadian or local holders an government contracts. GATT officials in Geneva are currently reviewing two complaints against Canada, and Japan's European Community formally charged provincial liquor boards with discrimination against imported products because of excessive markups of foreign wines. South Africa has also complained of discrimination against Krugervend gold sales because, since 1963, Ontario has exempted Canadian Maple Leaf, the Krugervend's major competitor, from a seven-per-cent provincial sales tax. For officials contemplating trade talks with the United States and, through GATT, with the world at large, convincing Canadians to drop such subtle defenses of Canadian industry will be no easy task.

For Canadian producers, the sting of U.S. NTBs—and the threat of more to come—has inspired much of the current free trade fever. Last May, Western hog farmers suddenly lost 25 per cent of their market when four northern states, responding to pleas from hard-pressed U.S. pork producers, banned imports of Canadian hogs. The states claimed that the Canadian animals may have been treated with chloramphenicol, an antibiotic approved by U.S. officials for use on people but not on hogs.

Canada's greatest tariff threat, however, comes from the Washington-based International Trade Commission (ITC), a federal agency that investigates

—MARC CLARK with PETER LEWIS in Toronto



Japanese imports awaiting customs clearance in Vancouver. Harsh harassment.

limit trade barriers. But critics now charge that GATT's success in eroding tariffs has simply encouraged use of more subtle roadblocks to trade, known collectively as nontariff barriers (NTBs). In fact, nontariff barriers have become the weapon of choice for most GATT signatories, allowing them to shield domestic industries from foreign imports while following the letter—if not the spirit—of GATT.

Barriers: Trade officials say that nontariff barriers will be central to the next round of tariff talks, scheduled to begin late this year or early in 1990. They will also be at the heart of any free trade talks with the United States. By 1987, because of the Tokyo round, 80 per cent of Canadian industrial exports to the United States will enter free of formal duties. Declared Alberta Premier Peter

Stratton, Canadian customs officials kept thousands of Japanese cars languishing on Vancouver docks by insisting on inspections of each vehicle.

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Counting the cost of failure

The casually dressed group gathered around a table in Finance Minister Michael Wilson's 25th-floor Ottawa office late on the Sunday afternoon of the Labor Day weekend. But Wilson, dressed in a sports jacket, and Barbara McDougall, minister of state for finance, wearing a plaid shirt and pants, faced a grim and very formal task. After a week-long attempt to save

McDougall. "I really feel badly that it had to come to this."

Still, financial analysts say that the banking situation may, in fact, worsen. Unless the Northland merger with another bank, it too will almost certainly collapse—possibly within weeks. That would further damage the Alberta government's attempts to keep alive the concept of regional financial institu-

Still, Opposition MP's widely called for the resignation of McDougall, Bessy and William Kennett, inspector general of banks—whose department supervises Canadian banks. Said senior NDP finance critic Michael Cassidy: "The government has got to be a lot tougher and a lot less trusting than the governor and the inspector general were with these two institutions." And last week Finan-

to tary to the government for help.

The crisis followed a series of failures and near-failures suffered this year by western Canadian trust companies and credit unions. Coupled with bank failures in the United States in the first quarter of the year—as well as the temporary closure of 31 savings and loan banks in Ottawa just 18 days before the crisis began—Ottawa feared that allowing a Canadian bank to collapse could lead to systematic panic and jeopardize international confidence in the entire Canadian banking community.

The \$300-million bailout package compensated the CCB for its lost assets and was intended to maintain depositor confidence. Instead, depositors who feared that the bank would eventu-

ally collapse began withdrawing their money. At the same time, the senior officers of the CCB led depositors to believe that the only reason for the CCB's failure. Indeed, banking experts said that the crisis exposed serious shortcomings in the monitoring of Canadian banks—shortcomings that, in fact, contributed to the latest problems.

As well, a report issued last June on the CCB's rescue by the Commonsense Finance Committee said that the inspector general of banks had known since 1982 that there were some problems at the CCB. For one thing, the inspector general's office was increasingly concerned about the high concentration of the CCB's loans in the volatile western real estate and energy sectors, the committee charged by Toronto-area, Guy Don Harkness, said. The inspector's office had the au-

thority to shut down the bank at any time after they made a lot of money out of it."

The real limitations on bank regulatory powers were revealed three weeks ago when Northland presented the sale of \$100 million in nonperforming real estate loans. The purchase of the loans—by Gordon Dickson, a Calgary lawyer, and Ronald Derksen, a Northland director—was financed by the bank itself. Northland also requested a fee for arranging the deal. It was that type of case that "the income" from what Kennett called "irresponsible deals" that enabled Northland to declare a small profit of \$891,800 only a week before the government saved it. Although Ottawa did not have the authority to prevent the



Calgary's Northland Bank, suffering from real estate loans, struggling to find a partner and to stay afloat

two founding Alberta-based banks—the Canadian Commercial Bank (CCB) of Edmonton and the Northland Bank of Calgary—in an exhausted Wilson signed documents that authorized the liquidation of the CCB and permitted a government takeover of Northland. The action ended a nearly six-month effort by the Bank of Canada and its governor, Gerald Roney, to save the institutions. The same day, creditors from the Toronto-based accounting firms of Price Waterhouse Ltd. and Touche Ross Ltd. ordered the banks and urged control with that, the Conservatives became the first government to provide over a bank failure since the Toronto-based Home Bank of Canada closed its doors in 1963 because of fraudulent lending practices. Said a financial

times. For its part, Ottawa moved last week to limit the political damage from the CCB's failure by assuring depositors that they will not lose any money. The estimated cost of covering the losses is \$670 million—a figure that could rise to \$1.3 billion if the Northland, which was founded in 1976, collapses. Acknowledged McDougall: "This is not going to be cheap."

At the same time, the Conservatives blamed the CCB's failure on the weak western economy—where the two banks' business was concentrated—risky lending practices by bank management, and informal regulatory control. Indeed, this week the Tories will introduce legislation that will increase the regulatory power of federal bank inspectors to intervene in bank affairs.

dial industry critics declared that the Conservatives had seriously underestimated the gravity of the CCB's situation. Jon Marsh had propped up the bank for political reasons.

The failure of the nine-year-old CCB was merely averted six months ago when Ottawa, the Alberta and British Columbia governments and Canada's six largest banks combined to provide a \$225-million rescue. Already severely weakened by loan losses in Western Canada, the CCB suddenly learned that \$300 million in loans to U.S. energy companies was in jeopardy, partly because of a sudden drop in world oil prices. Faced with a crippling drain on income that would have left it unable to pay back depositors, the CCB, headed by president Gerald McDougall, decided



McDougall, McDougall (right), questionable lending practices, calls for responsibility and an overhaul of banking legislation

to issue guidelines and instructions to the bank about its lending decisions but did not do so.

The Bankers' report added that the inspector general failed to force the CCB's auditors to review their approval of the financial statements in the bank's 1984 annual report. The auditors had, in fact, sent letters to management stating that they were critical of the bank's accounting practices. Kennett told Maclean's that government banking regulators have traditionally left detailed examinations of accounting transactions and valuations in the auditors' hands. But in the case of the CCB the system failed.

Kennett said that his department has relatively limited powers, adding that it has traditionally relied on "moral suasion" to convince companies to change what it thinks are unsafe business practices. Added Kennett: "We talked to banks about concentrating in real estate lending and warned them about what

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male Kennett said that it was contributing further to the government's decision to appoint a new representative at the bank.

To strengthen the defunctures of the inspector general's office, minister of state for finance McDougall last week proposed a series of legislative reforms. Those included giving Ottawa the power to evaluate real estate properties that are used to support bank loans and empowering bank regulators to intervene more quickly when a financial institution is making decisions that threaten its solvency. As well, McDougall is considering changes that would force financial institutions to diversify their loan portfolios. Said McDougall: "The system was designed for another age."

The most immediate impact of last week's bank failure was on the CCB's shareholders, in sixty pension funds and insurance companies holding about \$70 million in non-western shares. De-

prohibitors who had lost more than \$100,000 in the bank will be fully compensated by the Canada Deposit Insurance Corp. McDougall also said that special legislation would be passed to pay back uninsured depositors—at a cost to taxpayers of \$400 million. That action convinced some bankers who said that depositors who placed uninsured funds in the CCI in return for higher-than-average interest rates knew that they were taking a risk. Declared Robert Koehn, president of The Toronto-Dominion Bank: "It says that people who have taken independent risks are smart and those who have taken lower risks are the fools."

Still, the effect of CCI's failure on the Canadian banking system as a whole was far wider than either the government or the banking community had predicted. Allan Taylor, president of The Royal Bank of Canada, said that international financial markets sometimes react violently to sudden collapse. But, said Taylor, "there has been some confirming with these two banks." Added Terry Shanahan, a banking analyst with Toronto-based broker Merrill Lynch Canada Inc.: "There was not even a ripple in New York for Canadian banks." Indeed, the big five Canadian banks refused last-minute appeals by the government to take over the bank.

But the CCI's collapse will have far-reaching implications for the future of regional financial institutions. For one thing, at such end-industry experts predicted that the Northland Bank must survive. Although Ottawa appears to be offering tax concessions or outright grants to interested buyers, major banks—including the Royal and US-owned Citibank Canada of Toronto—stated flatly that they would not participate in a merger.

The problems of the two banks have also dealt a severe blow to the aspirations of western provincial governments trying to escape what they say is the domination of the eastern Canadian big six. Said Roy Koehn: "It will be harder to persuade shareholders to put up money for new regional banks now."

But the federal Conservatives are acutely aware of the importance of their political power base in Western Canada. And the government is clearly determined to continue supporting the concept of regional banks. Said Shinkens: "We are prepared to do a number of things that will cost the taxpayer money to keep a bank like Northland headquartered in Calgary." The demise of CCI has shown that these costs can sometimes be very high.

—ANN BROWNE and ANN PALMERLEY
with ANDREW SHEPPARD in Edmonton,
DARBY WILSON in Calgary, GLENN MCINTOSH
in Toronto and ROE MACGREGOR in Ottawa

The quest for foreign dollars



General Motors assembly line in Ste-Thérèse, Que., springing a candle for plants

In an industry hungry for jobs, the announcements could not have been more opportune. Last July Toyota Motor Corp. of Tokyo confirmed that it planned to build a \$300-million auto assembly plant in Canada which would create 2,000 jobs. Last month Hyundai Motor Co. of South Korea revealed that it was planning a \$200-million car factory—with jobs for 1,200 Canadians. And last week the industry learned that Suzuki Motor Co. Ltd. and General Motors of Canada Ltd. in Guelph, Ont., are planning a Canadian joint venture to build small cars. The sudden surge of investment plans by foreign auto manufacturers was of particular concern to Quebec. The reason: the province has largely lost out in Ontario as the pre-investment boom in investment by domestic auto manufacturers who are modernizing their plants, and by foreign carmakers intent on moving into the North American auto market.

The path to secure an auto plant has now become a major issue for Quebec politicians. At a meeting in Quebec, Que., last month, the Tory caucus of Quebec was presented Prime Minister Brian Mulroney to help his province secure the Toyota plant. And last week Quebec Justice Minister Pierre Marc Johnson, the acknowledged front-runner for the leadership of the ruling Parti Québécois, declared: "I'm for apple pie. I'm for motherhood. I'm for an automobile industry in Quebec."

Still, according to industry experts, most of the \$1.2 billion in auto invest-

ment planned by companies in 1985 will be in Ontario. Fully 85 per cent of Canadian vehicle production is located there, as is almost three-quarters of auto parts production.

Publicly, automakers say that northern Ontario is the favored site because they want locate new assembly plants close to the major auto factories, parts makers and consumer markets. And in fact, parts manufacturers prefer to cluster around their customers, the assembly plants. But privately, Canadian auto experts say that the industry is wary of locating in Quebec because of long-standing fears about union militancy and uncertainty about the province's political and language situation.

Despite the desire to attract more investment, Quebec is less organized than Ontario in its lobbying. The Ontario ministry of industry, trade and technology firms teams of experts to assist companies interested in investing.

The best chance for Quebec lies with Hyundai, industry experts say, because the company may be persuaded to settle in a province that accounts for 46 per cent of its Canadian sales. For his part, René Kelly, an industrial adviser with the Quebec industry ministry, acknowledges that the province still faces an uphill fight. Said Kelly: "It is depressing. But I will go to church this weekend and light some candles for our cause."

—MICHAEL SALTER with BRUCE WAGLAND
in Montreal and TIM POWIS in Toronto

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Canada's tough business school

By Peter C. Newman

In these days of high youth unemployment, one sure passport to a high-paying first job is a Master of Business Administration degree—and no Canadian diploma is more useful on that route than those bearing the imprimatur of London's University of Western Ontario. Most of the graduates of the class of 205 that enrolled last week will be entering a starting salary of at least \$23,000.

Competition to get in is tough. There were more than 850 applicants on the final selection list and CB (Bodi Johnson, the school of business administration dean, says "We are looking for something beyond bookishness. We want doors—someone who has both the intellectual capability to handle the study program and also the commitment and drive to do something with what he or she learns. We're interested in people who will influence the country."

Nearly 90 per cent of those in this year's incoming class have had at least three years' practical business experience. Only 57 per cent are from Ontario, the balance coming from across the country, with Alberta leading at the highest number, accounting for 22 per cent. About eight per cent are from outside Canada, and one in five is a woman. Johnson, a golf club member who has headed the school for the past seven years and just signed up for another year, notes that this year's students are fairly tough-minded in demanding opportunities and generous rewards for excellent performance.

If they expect attention these go with a characteristic environment that they will be striking out on their own. "We will be increasing the emphasis on entrepreneurial activity within the context of existing courses," says Johnson, "but too many times entrepreneurship in this country is caricatured as involving the roll of dice and high-risk, fast-trading games. Many of the successful entrepreneurs are not adrifts but very solid and, at times, rather conservative individuals. You need more than adventure and audacity."

The two-year course, whose methodology is modelled on the Harvard Business School's, is based on teaching problem analysis and decision-making by using the case method. By discussing actual business problems and being forced into crisis-management situations that test their ability to think on

their feet, students simulate their future work environment. Instead of learning about how business should work, they teach themselves what executives actually do and why management so often goes off the rails. "Our particular pedagogical focus," says Johnson, "is to turn out practicing managers as opposed to students of business."

To make the course more relevant, the school has developed 547 case histories in the past 10 years, reconstructing the anatomy of some of the toughest

chairmen of Maclean-Hartley Ltd., who has served on the committee for the past eight years.

In addition to its regular academic program, Western's business school offers a variety of annual executive development programs, including a five-week management course for senior executives as well as three-week courses for executives in marketing, production, human resources and international management.

The value of an MBA from Western is enhanced by the existence of a network inside the Canadian business community of its more than 9,000 graduates. They include Ken Harrold, chief executive officer at Ford Motor Co. of Canada Ltd., David Welton at Midland Doherty Ltd., Richard Sharpe at Sears Canada Inc. and Wilbert Hopper of Petro-Canada. It is appropriately symbolic that while Peter Laughlin is a proud alumnus of the Harvard Business School, his most likely successor, Don Getty, is a business grad of Western.

Even if the school has borrowed freely from Harvard's teaching techniques (and in the exclusive distributor in Canada for the Harvard Business School case materials, Johnson seriously believes that his students are exposed to a better education in London, Ont., than in Cambridge, Mass. "We're looking at an average teaching section of 68 students, while Harvard has a hundred, so there is more opportunity for participation," he points out. "At the same time, the institution is smaller, which provides for greater student-faculty interaction."

There are 66 permanent faculty members and they have published a cumulative total of 75 books and more than 500 articles on business subjects in the past decade and a half.

The most important new development at Western's business school this year is the establishment of the National Centre for Management Research and Development. Financed by the federal government, the university itself and \$5 million raised from the private sector, the new \$10-million institution will be devoted to practical research in entrepreneurship, productivity and international business management.

These targets are interesting, but still too vague for this year's MBA fresh meat. They're much more concerned with tapping the breakthrough of a freshly minted female MBA who was snapped up by a New York bank last year at a starting salary of \$79,000.



Johnson, "admission and audition"

decisions taken by Canadian managers. The \$6.5 million it took to finance the school's case writing and research activities was raised under the direction of a 45-member advisory committee, which meets twice a year to review the school's research and performance. "They are a first-class, highly energetic group of professionals, operating, in my experience, a first-class Canadian business school," says Donald G. Campbell, the

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PEOPLE

He got the date right when he arrived at 3:50 p.m. on Sept. 4, the first anniversary of his father's homicide-alcohol-victim. **Daniel Nicolas Deslaur** is the fourth child of **Gene** and **Mila Meluskey** and his father announced that he weighed in at seven pounds, 14 ounces after his mother was in labor for about 30 hours at the Ottawa General Hospital. His siblings, **Caroline**, 11, **Harold**, 9, and **Mark**, 6, welcomed their baby brother later in the week. All three said that they looked forward to his homecoming, and **Mark** took temporary custody of the baby bear that the Ottawa press corps presented to the Prime Minister when he announced the birth. **Mila**, 38, scheduled to go home with the new boy on Sunday, lost no time in getting back to work—her staff brought it into the hospital—and she hired a new nurse for 24 Sussex Drive. As for the names, **Daniel** is **Mila's** father's name and, said a friend, the parents "just like" the other two.



Daniel Nicolas Deslaur and Mila—a marital problem and a rumor.

weight

the African famine relief TV special benefit *Live Aid*, plans to participate in yet another musical benefit program. With country superstars **Willie Nelson**, **Waylon Jennings**, **Merle Haggard**, **Kenny Rogers**, **Charlie Daniels** and **Alabama**, the *Farm Aid* benefit takes place on

Sept. 22. It is not Young's first collaboration with Nelson and Jennings, who joined him on his latest album, *Old Ways*. A country music concert to aid needy farmers across the United States, *Farm Aid* is scheduled for Memorial Stadium at the University of Illinois in Champaign-Urbana, and will be broadcast live by The Nashville Network in the United States and Canada. Although **Nelson** is spearheading the project, he credits others for the idea. Said Nelson "Ned Young and some other people have mentioned this before—it just so happened I opened my big mouth."

After a year as Miss Canada, **Karen Tilley**, 31, says that she will leave a mixed emotional high and hand over her crown on Oct. 28 to a new contender. Rival the blue-eyed, blond **Tilley**, who has made public appearances as *Miss Canada* Pageant organizer across Canada and in Europe. "I treasure every moment of it, but I did not realize how much work was involved," **Tilley** also compered in **Mila's** 1988 Miss Universe Pageant, which she described as a "70-75-week endurance test, to say the least."

Chapman wrote on assignment, **Tilley** says that she has had "no personal life whatsoever" but that she appreciates the doors her title opened for her. She added that she has been offered a modeling contract in New York and a public relations job in her native Calgary, but she is undecided about her future. Said **Tilley**, who completed one year of university at Mount Royal College in Calgary: "I am looking forward to getting on with my life—I may even go back to school."

—Edited by
REYLA LADENHUT

Toronto is "a marvelous place to live," says actress **Kate Reid**, 54. After three years in New York she will admit it. She was working almost exclusively on Broadway when she realized that she was keeping up a five-bedroom house in Toronto's exclusive Rosedale area "for the sake of two dogs. And I thought this is insane." At the time, she says, "I was doing nothing in Canada—nothing." But that has changed. Last month she was in Vancouver playing a stiff-necked matriarch in the movie *Coyote Ugly*, and this week she is in Toronto promoting two of her films, *Death of a Salesman* and *No Sad Songs*, at the Festival of Festivals. So far her most likely gossipette area in Canada, says **Reid**, in part because there are few rules open in New York. She recently scanned the New York trade papers and found that of 13 producers currently on Broadway, 10 are Jewish—and the other three are Not Jewish comedies.

Tilley—fashioned womanhood but 'no personal life'



Toronto-born musician **Ned Young**, 36, who took part in the Canadian *There Are Not Enough Projects* and appeared on

There's vodka.
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A growing threat to Canada's parks

Americans call it "highway hell" and every nearly eight million tourists walk its asphalt streets. Left mountain refugees they fit in and out of Mexican restaurants, late-night diners and souvenir shops that sell porcelain figurines of cartoon characters and T-shirts that read "I love Canada" in Japanese. And as the town's population reaches its peak in midsummer, its overextended treatment plant, sewer lines, bus and garbage run through into the Bow River. The town of Banff, in the middle of a 2,668-square-mile park, is the middle of the world's largest national park system. But despite its famous Rocky Mountain vistas, it has become a showy disappointment to many visitors. Indeed, for many conservationists Banff has become a symbol of how Canada's parks should not be developed. Said Michael McInnes, a conservationist and 20-year Banff resident, "The style and atmosphere of Banff is an impediment to an natural park experience. It places barriers in people's search for nature."

The tension between conservationists and developers is particularly obvious in Banff, and it is at the center of a controversy that threatens to overshadow this summer's celebration of the 100th birthday of the nation's park system. The problem arises partly from Parks Canada's dual mandate to preserve 50,667 square miles of parkland and also accommodate an estimated 10 million visitors that has grown to nearly 30 million in 1990 from 200,000 in 1967. And the divided responsibility has been a problem for the parks system ever since Sir John A. Macdonald set aside the 16-square-mile Banff Hot Springs in 1885 to encourage tourists to use the Canadian Pacific Railway and, as he said, to "renew the Treasury." Now, Parks Canada employs 3,000 people, spends \$112 million annually and manages 31 parks.

Many conservationists currently are demanding visitor restrictions at parks, including Banff. Following similar restrictions instituted at some U.S. parks earlier this year, Banff's federal govern-

ment and tourist operators are calling for more facilities to accommodate the increasing number of tourists. Last week both sides debated the future of the nation's parks when 250 academics, conservationists, businessmen and poli-

ti-
cians gathered in Banff for the Canadian Assembly on National Parks and Protected Areas. Sponsored by Parks Canada, the meeting closed a summer of planned activities—and also scheduled controversies.



Banff Avenue, Alta (below), wilderness versus 'honky tonk'

The debate became especially heated when Environment Minister Jeanne Hilt-Gentile met in June that she could not rule out logging and mining in national parks—activities that have been banned since 1930. The remark led to nationwide media from angry environmentalists for her resignation and generated thousands of protest letters to Parks Canada. When Prime Minister Brian Mulroney dismissed Hilt-Gentile as minister of state for transport in last month's cabinet shuffle,

many Parks Canada employees expressed relief and gratitude. Her successor, former tourism minister and Tory environmental critic Thomas McMillan, swiftly rejected the possibility of opening the parks to logging. But in his previous portfolio McMillan had called for aggressive promotion of tourism in the parks, and conservationists are concerned that the government is not committed to preserving and expanding the national parks for future generations. Said Kevin McInnes, executive director of the Twenty-fifth National and Provincial Parks Association, "Our most serious worry with the erosion of national park values from the T-1000 promotion of large-scale tourism, the leasing of park services to private entrepreneurs and the idea that parks are for all things to all people."

In Canada 90 per cent of the services provided in parks, such as raft tours and skiing, are already operated by private entrepreneurs. And to meet budget constraints in the western region (a cut of \$6 million this year), Stephen Kuo, director of Parks Canada's western region, plans to turn over the operation of the hot springs at Banff and Steamboat, B.C., and 39 marae to private businesses. Said Kuo: "More visitors have contact with private entrepreneurs than Parks Canada staff. But companies are doing a first-rate job in park interpretation."

McMillan is particularly worried about a master development plan for the four mountain parks (Banff, Jasper, Kootenay and Yoho) which is now awaiting McMillan's approval. Despite a three-year public consultation process during which half the participants opposed further development, conservationists say that to accommodate an older and more adventurous public, the mountain parks should double attendance, to 20 million. He explained that that could be accomplished by building more swimming pools, golf courses and marae.

toes, to a combined total of 30,000 units. They argue that this would damage the parks and diminish the quality of a visitor's wilderness experience in a region where there are frequently more campers than campers.

Parks officials acknowledge that the mountain parks contain several "wilderness" where car-based tourists are threatening both land and wildlife. Said Kuo: "Crowds impact crowds. People like to go where they can find what we value. Where facilities are built

Said Kuo: "We are not looking at wild, crazy ideas like Disneyland in the backcountry, but at opportunities to develop and extend services properly." For their part, most conservationists want further tourist development to take place in areas just outside the parks. Said McInnes: "We are not opposed to tourism, but we feel it does not all have to happen in Banff and other park sites." They also want Parks Canada to devote more money and time to educating people about the nature of the parks

parks. Indeed, Parks Canada has a mandate to create a park in each of the country's 48 distinct natural regions, but the system is now only 48-per-cent complete. Park officials say that the northern tip of Ellesmere Island, Ontario's Bruce Peninsula, the eastern arm of Great Slave Lake and several Atlantic and Arctic marine parks have all been proposed on priority new sites. Still, creating a new park is a costly process, averaging eight years and \$10 million, said Robert Seaton of the

Canadian Assembly on National Parks. "You cannot just draw a line around a place and call it a park."

That became apparent during the creation of Kluane National Park on the west coast of New Brunswick in the late 1960s. Using tactics that were later condemned as "sabotage" by a joint federal-provincial inquiry, Parks Canada evicted 1,300 Acadians from land that the government had expropriated. And when Parks Canada proposed a marine park in Passamaquoddy Bay near the Bay of Fundy in New Brunswick last year, 1,500 independent fishermen immediately formed the Citizens League Against the Marine Park. The organization eventually forced the abandonment of the plan. Said Justice Stevens, director of the Conservation Council of New Brunswick: "I think there is an understanding



McMillan in Banff National Park: Canada's most popular parks are its most threatened

and used there is a tendency for a snowball effect." Still, Kuo maintains such consultations as preclude life and avoid trails can lessen the impact of heavy use.

McMillan's proposals last year to create what he calls "tourist magnets" within the mountain parks received strong support from local tourist operators. They already earn \$2 billion from mountain parks visitors in Alberta, Ontario and Quebec, and they say that there are not enough attractions to keep the industry afloat. Jasper businessman and past president of the Tourism Industry Association of Alberta William Urquhart said that to accommodate an older and more adventurous public, the mountain parks should double attendance, to 20 million. He explained that that could be accomplished by building more swimming pools, golf courses and marae.

and the meaning of wilderness preserved—a job that even department officials acknowledge they neglect.

To support their arguments, many environmentalists point to the recent initiatives of the U.S. National Parks Service. Its executive vice director, William P. Martin Jr., cited the gains of such major U.S. parks as Yellowstone and Yosemite during busy vacation periods this summer to reduce the numbers of visitors who use the U.S. parks yearly. Declared Matt: "When you have so many people in Yosemite that the roads look like the Golden Gate Bridge at rush hour and there is more smoke than in the heart of the city, that is not what people are seeking for."

Conservationists also advocate the creation of more wilderness havens, partly to ease the pressure on existing

now that people who live off the land should not be spotted when a park is created."

Most conservationists predict that Canada's parks will play an increasingly critical role as ecological researchers fear endangered species and benchmark areas where environmental changes can be carefully monitored. And Kuo acknowledges that those goals will "become a compelling argument to do the best possible job of ensuring the highest level of preservation" in the years to come. But as Parks Canada has learned in the first century of its existence, it is far easier to create a park than it is to keep it pristine.

—ANDREW SHIRTON in Edmonton
with JUDY KALLAGH in Montreal and
REARL MACKENZIE in Ottawa

A crisis on the islands

The South Moresby region of the Queen Charlotte Islands is a semi-tropical, unincorporated group of more than 30 small islands about 60 miles off the British Columbia coast. The 800-square-mile area has the highest number of earthquakes in North America and it is isolated by only about 100 people. But since the late 1990s the threat of logging is the archipelago's forests has made South Moresby the focus of a nationwide debate. Conservationists, who say that logging is destroying what many scientists describe as the most exotic collection of flora and fauna in North America, are demanding that the area be declared a national park. But Western Forest Products Ltd., which holds the South Moresby cutting license and is currently logging 8.8 million cubic feet annually on the area, says that the depletion of the province's forest reserves means that every timber stand is of value to the \$75-billion-a-year forestry industry. Seal computer president Roger Blanning: "The contribution to the economy is just too important to ignore."



Logging in B.C.'s Queen Charlotte Islands: controversial

During the last ice age 15,000 years ago, the archipelago largely escaped glaciation. As a result, unique subspecies of wildlife, including at least 16 subspecies of the flicker-bird, evolved there, and some scientists now say that the islands are as important to the study of evolution as the Galapagos archipelago off the coast of Colombia in South America. As well, the archipelago harbors 133 registered archaeological sites, most of them remnants of the villages of Haida Indians. Their descendants initiated a land claim five years ago for the Queen Charlotte Islands, which is still under review. Scientists estimate that there may be as many as 400 sites in all—more of them as old as 1,400 years. Says a chief constable of the B.C. Provincial Museum, Richard Boushagh: "The area is of extreme cultural value. I would love to see South Moresby declared a park."

The new federal minister of the environment, Thomas Mulcairn, has already said he is considering that possibility and earlier this month declared that he will discuss the future of South Moresby with the provincial cabinet's environment and land use committee. Haida representatives say they are well-

represented, I think. Mulcairn would add: "For his part, logger Robert Smith, Sandspit resident and publisher of the newsletter *Robert's News*, declared: "It's ridiculous. You're talking about an area the public can't get to—it's just a piece of jungle. The politicians are going to give away our jobs."

Still, not all heads agree. In November, 2014, 600 residents of the Queen Charlotte Islands signed a petition requesting a moratorium on development in the archipelago. That petition has since been endorsed by several organizations—including the Canadian Nature Federation and the World Wildlife Fund—which say they represent many more than 500,000 Canadians. And conservationists say they are optimistic because the Thermal Nature Federation, Scientific and Cultural Organization has already declared the area's archaeological finds a World Heritage Cultural Site, and is now considering whether to designate the whole archipelago a World Heritage Natural Site.

Antilopine groups also say that because South Moresby represents less than 0.1 per cent of British Columbia's productive forest land, alternative logging areas are easily available. But Western Forest Products, lured by South Moresby's 400-year-old stands of virgin cedar—among the most valuable in the province—says that its logging schedule for South Moresby will have a minimal ecological impact. Said Blanning: "Our logging plan over the next 40 years would only reach 30 per cent of the total land area. We feel the area is large and diverse enough that there won't be a significant impact." But environmentalists cite a 1993 federal-provincial study which concluded that in logged areas there are almost four times as many landslides as in unlogged regions. Such a situation, they say, could be environmentally disastrous in South Moresby, where earthquakes, unstable soil conditions and overly abundant rainfall already contribute to a high incidence of landslides.

Barrow estimates also said that the defoliation used to clear underbrush during logging operations will damage the archipelago's salmon rivers. That debate may soon be academic. Next week the environment and land use committee will travel to the Queen Charlotte Islands to conduct discussions on the issue. Many observers say that the committee will probably announce its decision soon after—and that it may well favor the forestry industry. Indeed, the future of South Moresby may now be in the hands of Mulcairn, who must then decide how the archipelago's economic future and the contribution which it can make as part of Canada's natural heritage.

—GREGORY HETLAND in Vancouver

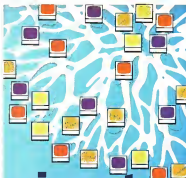
AVIATION

The suspect jet engines

When Rev. Joseph Frederick saw when he arrived at the crash site of Flight 385 in Milwaukee, Wis., was much less, but it was also testimony to the indestructible human spirit. Recalling from the rubble of the Midwest Express Airlines 737-400, in which all 31 aboard died last week, was 30-year-old pilot Daniel Martin's son, his boy still tightly grasping the metal yoke. Said Frederick, one of several priests who accompanied the last rites to the victims of the year's 10th commercial airline disaster: "There was the pilot's hand still clutching the thing to bring the plane out of the dive." Added Rev. Karl Ackor: "All I could do was offer a prayer—commend them to God."

The two-engine 60-passenger aircraft, carrying 57 passengers and a crew of four, had made a stopover at Milwaukee's General Mitchell Field on the way from Midwest, Wis., to Atlanta, Ga. It took off at 10:05 a.m. on Saturday at 3,500 ft and was only 900 feet into the air when Martin nudged the yoke: "I have an emergency." Then the right engine caught fire and apparently fell off. The plane rolled twice, plunged nose-first more than 800 ft south of the runway and burst into flames. Said air freight worker Scott Sereno, 27: "It looked like a forest fire."

The crash brought the 1986 airline disaster death toll to 1,542, the worst for a single year in civil aviation history. It also quickly revived one concern about Pratt & Whitney engines: The U.S. company's JT8D series is the most widely used in the world, and investigators say they believe deterioration in the combustion chambers of a JT8D-15 caused the 28 fire in the engine. In November 1997, Boeing 737 in Manchester, England (54 passengers died). The 737 that crashed in Milwaukee had been equipped with JT8D-15, a less powerful version which is almost 20 years old. After the Manchester fire the U.S. Federal Aviation Administration ordered U.S. airlines to inspect all JT8D-15s. Although provided 28 of them to replace their combustion chambers. And officials at Air Canada said that more than a year ago they had ordered replacement or repair to several chambers because of cracks. But last week's Pratt & Whitney spokesman David Lang said that there was "no reason to believe it was an engine problem" that brought down Flight 385 in Milwaukee.



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Discovering the 'unsinkable' Titanic

The Atlantic Ocean off the coast of Newfoundland is known for its stormy seas. But in the early hours of Sept. 1 the waters were calm as many of the 67 crew members on the U.S. Navy research vessel *Kaizer* tried to pierce into the ship's 128-year-old command center. After a 13-month Franco-American scientific expedition, the *Argo*, the world's largest underwater camera, began to transmit black-and-white images of the Titanic to the ship's monitors. The luxury liner, advertised

over 70 years ago, a computer-enhanced underwater camera system equipped with sensors, sonar and five video cameras, transmitted the first images of the wreck. Crew members also filmed a 300-foot section of the still-intact bow with china plates, bottles of wine, luggage and even a chamber pot in the sand around it.

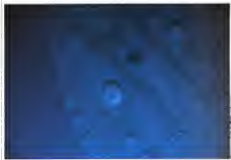
To date, no expert has questioned the legitimacy of the discovery, but only one day after its announcement Ballard was involved in an ownership controversy

to teach what he has termed "sacred ground." Sharing that sentiment is Eva Hart, one of the 21 living survivors of the disaster. Hart, now 82 and living near London, England, was 9 when her father put her into a lifeboat, waved goodbye—and then drowned when the ship went down. Said Hart: "I prefer my father's grave to remain undisturbed."

In fact, many scientists say that the question of salvage rights may be academic because the 46,000-ton vessel lies 12,400 feet below the surface. Dr. Joe Maclean, a Toronto-based marine consultant and adviser to the French-American expedition, told Maclean's that any salvage operation is technically as impractical as the Titanic's depth. Added Maclean: "Anybody who can say the word 'Titanic' will come up with a crazy scheme, but the cost would never justify the effort." Last week photographs of the wreck itself became the most sought-after treasure. Both the CNN and CBS networks claimed exclusive broadcast rights. And The Toronto Star's Canada Wide Picture Service announced that it had signed a contract in July for exclusive newspaper publication rights.

At we'd had Ballard and his crew sailed for Boston with 12,000 color photographs to study, with other data, at Nova Scotia. Ballard says he plans to return to the site next summer to conduct an examination of the Titanic from the *Argo*, a three-man deep-sea research submarine. And although he has maintained that his primary mission during the expedition was to test new deep-sea equipment, he acknowledges that since beginning the project the search for the Titanic became more than just a scientific exercise. He added: "Through intensive research I started to discover the real of the ship. There were a lot of people on board and a lot of people died. The story is so tragic—the ship that couldn't sink. It becomes somewhat of an obsession."

—BRIAN ALLENBACH in Toronto



Titanic's bow from port side: above plates, luggage and bottles of wine 12,400 feet down

as unsinkable, struck an iceberg on April 14, 1912, and sank during her maiden voyage from Southampton, England, to New York. An estimated 324 million worth of valuables went down with the ship—and 1,513 of about 2,200 passengers and crew died. In their memory, the *Kaizer* leader, Robert Ballard, held a memorial service. Said Ballard: "To put these souls to rest was a very nice feeling."

The team of internationally acclaimed scientists, financed jointly by the National Geographic Society and the French government, began secretly preparing for the 85-million expedition three years ago. Because the wreck location of the Titanic was unknown, the scientists combed a 100-square-mile area of the seabed 375 miles southeast of Newfoundland through half of the sam-

pling Jack Grimes, the Texas oil millionaire who has spent \$3 million searching for the Titanic. Grimes says that in 1981 he took shadowy photographs of what he believed were the ship's propellers, although he failed to confirm his claims during a subsequent expedition. In 1983 Grimes now says that because the French-American and Canadian sea discovery, he won the salvage rights to the Titanic—and he is already planning to exercise them. Said Grimes: "Anything from that ship is priceless."

For his part, Ballard, a proponent of the Woods Hole Oceanographic Institution in Massachusetts, says that he has no interest in salvaging the ship and that he will do everything he can to keep "treasures" away. He added that he does not want even research equipment

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RELIGION

An archbishop's odyssey

The Archbishop of Canterbury, spiritual leader of 65 million Anglicans, rode through a small Ontario town in a bubble-topped limousine last week and evoked memories of Pope John Paul II's visit to Canada last September. But the 1989 gold-colored Cadillac carrying the Most Rev. Robert Runcie was far from being an Anglican version of the Popemobile, the specially equipped vehicle used by the pontiff. And Runcie appeared to be slightly embarrassed during his visit to Kemptville, a town of 2,400 residents 60 km south of Ottawa. For one thing, the car, supplied by a local businessman, displayed a sign advertising a brand of musical instruments as "the Cadillac of organs."

Even before Runcie's modest, somewhat discouraged comparisons between the archbishop's 18-day Pope-Canada tour and John Paul's high-profile visit last fall, Ontario the Pope, who presides over Roman Catholic churches around the world, the Archbishop of Canterbury has no authority over autonomous Anglican congrega-

tions outside the Church of England. Runcie himself noted that difference shortly before he began his first Canadian tour on Aug. 30 Sunday.

"An archbishop is not a pope. He has no jurisdiction in other parts of the world, but his advice is frequently sought."

The 68-year-old archbishop spent four days in Quebec on the tour, which will take him from Gander, Nfld., to Victoria before ending in Toronto next week. In Quebec City, where he gave a service in the Cathedral of the Holy Trinity—founded in the early 18th century, it is the oldest Anglican cathedral outside Britain—Runcie urged the province's Anglicans to remain active in their faith even though the last Statistics Canada census showed that membership had shrunk to 120,110 in 1986 from 185,875 in



Runcie: keeping in touch

1970. Said Runcie: "I want to leave the message that all Anglicans here should not think of themselves only as custodians of a spiritual treasury or as maintaining an English-speaking group."

He repeated that theme in Montreal while also appealing for greater Christian unity at an interdenominational service in Notre Dame, the city's historic Roman Catholic basilica. Unity is also a cherished goal of John Paul, who co-chaired the ecumenical church last September 1988. Differences between the Anglican and Roman Catholic churches—indeed, within different branches of Anglicanism itself—make that unlikely. For one thing, some Anglican congregations in Canada accept women as priests, but Runcie says it is an obstacle to unity between the two faiths.

He is unlikely to change his views, but Canada's one million Anglicans at least have the chance to hear them from the man himself.

—MALCOLM GREY with
SHERIE AGRESTA in Toronto and
BRUCE WALKER in Montreal

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A lucrative maverick on the airwaves

Viewers who tuned in to MuchMusic on a sunny Saturday last July witnessed a rare, offbeat event on Canada's pay TV music network. With cameras focusing on an alley behind its downtown Toronto studios, MuchMusic aired a largely unsupervised "Outdoor Celebrity Barbecue." The cameras in gaudy Hawaiian shirts worked around beach umbrellas and a giant hot cattle while the show's producer grilled hot dogs. Although The Neville Brothers, a New Orleans rhythm-and-blues band, were scheduled to perform, no one appeared particularly surprised when a black limousine delivered an unexpected guest—rock's all-American superstar Elton Lewis. Completely at ease in the sunny atmosphere, Lewis dined with the crew and gave an impromptu introduction for The Neville Brothers. Remarkably, host Mike Williams ("MuchMusic lends itself to this kind of insanity")

Despite its playful appearance, MuchMusic is a serious, shrewdly managed operation—and the only profitable pay TV service in Canada. Since it first went on the air a year ago this month, the network has paraded pay music's brightest sights and sounds into 650,000 Canadian homes—four times the number that MuchMusic's viewers said they expected—24 hours a day. When MuchMusic applied for the fully regulated license in 1993, they predicted a first-year penetration of 150,000 households and losses for the first three years of operation. Instead, MuchMusic, a division of CMTM Ltd., the Toronto-based radio and TV conglomerate, will show a profit this year. As well, the young network has been widely credited with helping to revitalize a struggling Canadian record industry. And is a determined bid to hold on to its success. MuchMusic made itself available free to all cable households this week. Said Richard Holst, consulting editor of the Canadian trade publication *The Record*: "MuchMusic sorts on every level."

MuchMusic's secret lies in its intimate knowledge of rock 'n' roll and its clever understanding of the lucrative youth market. In the past year MuchMusic has added rock covers, concerts and interviews to its initial playlist of more than 70 videos a week. The exposure has

turned its "weepeat" (an air hosts)—retroists Jeanne Beker, J.D. Roberts and Christopher Ward and newcomers Williams and Erinn Khan—into popular stars in their own right. Two weeks ago MuchMusic increased its number of hours of original programming by 33 per cent. All programming is taped live, spontaneity is encouraged and even mistakes are acceptable.

Its maverick style has attracted fans,

strong viewing share. But a more serious challenge has come from the industry that MuchMusic has helped to regenerate. So far, the network has enjoyed the free use of a steady supply of videos. Now, record companies plan to charge for all videos beginning this fall, and the amount has become the subject of heated debate.

Even so MuchMusic faces those challenges in its second year, it continues to



Ward, Martin and Roberts showed business and an intimate knowledge of rock 'n' roll

but the network has also won respect for its role as a responsible broadcaster. An in-house committee meets weekly to screen new videos, while another considers the issues of violence and neo-nazi stereotyping. Airplay is based largely on record sales, but many videos are chosen for artistic merit or Canadian content. The Canadian pay group Platinum Blade has gained popularity almost overnight largely because of the airing of three shock produced videos. As well, MuchMusic has created Videomart, a grant-giving foundation that fosters Canadian video production.

Still, MuchMusic's picture is not entirely rosy. Since it is offered as part of a package of pay TV services, critics question whether the network could have gained such a large audience on its own. (MuchMusic's earliest audience research indicates that it does attract a

break new ground. Along with airing videos by such stars as Bruce Springsteen, Madonna and Bryan Adams, it has introduced new artists, including Toronto's Jane Werry and Alberta's J.D. Lang, to a national audience. Producer John Martin's next plan is to launch a French language service and establish a national team of correspondents for regional music reports. Last week Martin cited a major breakthrough when he landed Vancouver's Terry David Mulligan—host of CBC TV's real video program, *Good Rockin' Tonight*—to MuchMusic as its first West Coast correspondent. Said Martin: "I want a viewer in Halifax to know what's going on in Vancouver." After one year on the air, MuchMusic remains in the forefront of rock's video revolution.

—DAVID BAYES in Toronto

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THE HOUSE OF COMMONS



U.S. soldiers in protective gear for every soldier killed, 20 civilians may die

TECHNOLOGY

The return to nerve gas

The industrial buildings of the U.S. Army arsenal outside Pine Bluff, Ark., now stand idle, portions of their equipment missing. But it seems almost certain that this fall the U.S. government will give the Postage permission to resume the factory near the Arkansas River to full production capability. And that authorization will put the United States back into the chemical weapons business for the first time in 16 years.

The end of chemical warfare has been widely feared ever since the first reports of troops dying painful, choking deaths or being blinded during the chlorine and mustard gas attacks of the First World War. Former president Richard Nixon repudiated his own production of biological and chemical weapons in 1969, but Ronald Reagan has sought to reverse that policy since he took office in 1981. The President has argued that the existing U.S. arsenal of nerve gas—which experts estimate has the potential to kill every person on Earth 5,000 times over—is obsolete and must be updated to keep ahead of Soviet technology. It now appears likely that Reagan will finally get his way, but the move is certain to create tensions between his country and its NATO military allies.

Although Nixon ordered the destruction of biological warfare stocks when he banned chemical arms production, the United States still maintains a powerful chemical warfare capability. The

east side of the stockpile is classified, but 40,000 tons of chemical agents are apparently stored, mostly in bulk form or loaded into artillery shells, at 10 sites. They include Pine Bluff, Johnston Island in the mid-Pacific and a secret location in West Germany. About one-third is believed to be highly lethal nerve gas and the balance old-style mustard gas as well as experimental compounds which include 140-related halocarbon. But preparations of new nerve gas production say that because the average age of the stockpiled weapons is 28 years, they are inadequate for modern military purposes. Marvin Leath, a Texas Democrat, called the situation the country's "greatest military vulnerability." Postage officials add that the deterioration of the old weapons in storage could pose a safety threat.

A confidential study by the U.S. government's General Accounting Office—portions of which became public—discussed claims that the current weapons are inadequate and urged that the current administration wants to destroy the entire stockpile of nerve gas weapons and replace it with a new "binary" system. The new weapons would have two separate compartments of chemicals which would only combine to produce nerve gas when released in battle. The Postage is preparing to build two different types of binary weapons—one of them a shell designed to be fired from standard NATO field artillery

axes. What is more, the issue is extremely controversial in Europe, where there is widespread fear that any chemical war is likely to kill more civilians than troops. Soldiers on both sides of the Iron Curtain have access to protective suits, gas masks and special ventilation systems, but civilians do not. Matthew Meselson, a specialist on chemical weapons and professor of biochemistry at Harvard, says that for every soldier perished during a European nerve gas attack, 20 civilians would die.



Reagan focuses on allies

agreed to store the new weapons on their territory. Gen. Carrington, NATO secretary general, for one, has said that chemical weapons do not fit into the conventional warfare plans of the al-

lies. What is more, the issue is extremely controversial in Europe, where there is widespread fear that any chemical war is likely to kill more civilians than troops. Soldiers on both sides of the Iron Curtain have access to protective

suits, gas masks and special ventilation systems, but civilians do not. Matthew Meselson, a specialist on chemical weapons and professor of biochemistry at Harvard, says that for every soldier perished during a European nerve gas attack, 20 civilians would die.

Those deaths would be particularly terrifying. A drop of nerve gas blown the size of a pinhead immediately makes its victim to sweat profusely, while filling the lungs with mucus, dimming vision and setting off convulsions and uncontrollable vomiting. A

defoliant. Death, from asphyxiation caused by paralysis, generally comes within a few minutes, although smaller doses can cause victims to suffer for several hours before they die.

Congress is expected to consider an-

other nerve gas bill this fall that will replace the earlier conflict with one restricting the U.S. military to developing a plan for emergency deployment of the new weapons in NATO countries. A Postage spokesman—who declined to be named—said that the armed forces do not intend to ask any other nation to accept the arms but that they have authorized the tactic in an emergency. He added that all NATO allies, including Canada, will be briefed on the contingency plans. And an official at the Canadian Embassy in Washington, who also declined to be identified, said that the U.S. government has not yet discussed any such plans with Ottawa but added that he believed deployment in Canada was unlikely. And the official "It is mostly a problem for the West Germany."

Still, many observers say that the obstacles to new nerve gas production have now been removed, and that the conditional approval already granted by the House of Representatives will give way to a full-scale go-ahead during the current session. Said David C. Morrison, senior research analyst and chemical weapons expert at the Washington-based Center for Defense Information: "Once the cover's nose in the tent, it is not too long before the camp rears its head."

—IAN MORTON in Washington

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AGRICULTURE

A sales plan for tobacco

As increasing numbers of cigarette smokers decide to butt out—or at least cut back on their heavily taxed habit—tobacco farmers are searching for ways to protect their lucrative cash crop. Producers who sold 170 million pounds of tobacco to manufacturers last year are facing another 25-percent drop in demand for their crop for the third year in a row. Now, to stop the decline, farmers from southwestern Ontario—who grow 54 per cent of the country's tobacco—say that they want Ottawa to establish a national tobacco marketing board. Its purpose: to promote domestic sales of tobacco and export expert markets. Declared Barry Starnes, a spokesman for 4,300 Ontario growers, "Tobacco has been a part of Canadian lifestyles longer than apple pie and ice cream."

But a thinking lobby to oppose the proposal. And five health groups, including the Canadian Cancer Society, have joined together to fight the board's formation. Spokesmen for the coalition say that federal protection of tobacco sales would be irresponsible and they claim that more than 30,000 Canadians die each year from such smoking-related diseases as lung cancer, emphysema and bronchitis. Declared coalition spokesman David Swanson, "The government is delivering a very inconsistent message if, on the one hand, they are trying to do something to protect people's health and, on the other hand, they are supporting a board that promotes tobacco."

Still, producers say that they cannot survive without a marketing board. They add that they receive only six cents from a package of 25 cigarettes selling for at least 32.00. Indeed, about 30 per cent of that goes to pay federal and provincial taxes. Premier's secretariat Minister John Wils has already said that an advisory council which is studying the issue is likely to favor the farmers. And Wils, who smokes about 10 cigarettes daily, "I expect a positive recommendation." And if Ottawa does establish a tobacco marketing board, smokers' interests, Wils will be the first to notice the change. The reason: the farmers want to add a three-cent surcharge to the retail price of cigarettes to help pay for the board's operations.

—SUSAN ARMENTRAN in Toronto

TELEVISION

Roughing it in the bush

AND MILES TO GO
(CBC, Sept. 13)

Gordon Pinsent last displayed his double-barrelled talent as a actor and writer on television with the popular 1978 Christmas special, *A Gift to Last*, which he developed into a miniseries. Now, Pinsent has again taken up that dual role, scripting and acting the part of the eccentric teacher Jack Merrissey in a one-hour pilot, *And Miles to Go*. Set in 1906 and based on a true story, the drama opens with Merrissey's dismissal from a famous southern Ontario boys' school for striking several of his privileged students. Disillusioned, he takes on a new challenge—constructing an odd assortment of Indian, miners, trappers, immigrants and their children in a Northern Ontario school located in a railway car. Merrissey's unusual odyssey in the travelling classroom, which stops for a few days at a time in several isolated bush communities, produces some touching moments. But on the whole, Pinsent the scriptwriter has given Pinsent the actor too little with which to work: the schoolroom story rarely earns a higher grade than a worthy but unengaged B.

But Pinsent's chief problem as a writer is that he fails to explain them. Early in the program he introduces Merrissey's rich father, Glena (Elizabeth Bakula), who lives in a Toronto mansion full of idle, partying youths. It remains a mystery why the rich widow treats her brother with such disdain. Some after that encounter Merrissey, where with his left him, boys to travel to Northern Ontario to visit his sickly daughter, Neils (Blake Taylor). In convalescent home. In trust, he meets a Indian education official, Crocker (Glen James), who is looking for someone to staff his new middle school

In treating the symbiotic relationship between the two men, Pinsent's script makes one of its few rewarding forays beneath the surface of events. But after Merrissey accepts Crocker's offer in order to be near his daughter, Pinsent's writing again suffers over the official issue of Merrissey's developing appreciation of his new students. Rather than concentrate on just a few of the pupils, *And Miles to Go* introduces the few many, and the last half of the program spends by in a blur of faces.

Remarkably, Pinsent manages to snatch a small personal triumph from his own floundering drama. He gives Merrissey an aura of vulnerable naivety, which makes him instantly likable, and manages in his silliness and moody extroverts to suggest the ambiguous depths of real character. Merrissey is no liberal dreamer but an earthy individualist who can give his students "a book" if necessary. For their part, his students trust him because he is generous but because he is fair and loyal.

Despite the lack of significant contact between Merrissey and most of the other characters, *And Miles to Go* features some strong supporting players, including Ed McNamara as a carefree but able school principal, and Blake Taylor as a rich widow's son. The drama is also visually compelling cinematographer Vic Savin (*Chouhousu*) gives off a richly textured canvas of bare trees and snow runs. But no amount of visual beauty can redeem the dramatic weakness that hinders much of *And Miles to Go*. Pinsent the writer should have gone a few miles further to keep faith with his own considerable ability in front of the camera.

—JOHN REMICK

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THE ARTS

Culture's new crusader

For Canadian artists, there was a moment was like an olive branch from the federal government. Last week, when Communications Minister Marcel Masse revealed that Peter Roberts, Canada's ambassador to the Soviet Union, would become director of the Canada Council on Oct. 1, the arts community hailed the choice of a man who appears to be sensitive to their needs.

Roberts, who will replace Timothy Porteous in the country's top cultural job, is a seasoned arts administrator who served as assistant undersecretary of state for cultural affairs in the Liberal government of Pierre Trudeau from 1978 to 1979. And he is a supporter of the traditional arms-length relationship between the government and the Canada Council, which awards almost \$70 million in arts grants every year. Said novelist Matt Cohen, chairman of the Writers Union of Canada: "It is a good appointment because he is known as a friend to culture. The government is trying to say that they want to clear up all the bad feelings."

Roberts, a 58-year-old native of Calgary who was posted to Moscow in 1980, was one of three finalists for the position. Canada Council chairman Marlene Fournier said that she reviewed between 40 and 60 names. Sources confirmed, however, that the final choice was made by Prime Minister Brian Mulroney. Said Fournier: "What really pleased me is that it is not a political ploy."

In addition to his civil service and diplomatic background, Roberts is an avid art collector and fan who likes to play chess and cruise with his wife, Glenna, a pianist. Reached by telephone at his Moscow mansion, Roberts told Maclean's that he considers the appointment a "unique opportunity." He added: "The Canada Council must be independent and make its own decisions on its own criteria, and I will be very interested

about that. I had the assurance of the Prime Minister that the Canada Council would not be tampered with."

Roberts brings both the necessary diplomatic skills and a wealth of arts experience to the job. He has served as a diplomat in Moscow, Hong Kong, Saigon, Washington, Brussels and Bucharest. In the early 1970s he worked as a press secretary for Trudeau at the same time that Porteous was engaged in the Prime Minister's Office as an assistant undersecretary of state. Roberts is best remembered by the arts community for fighting the Liberal government's attempt to disavow the Canada Council. Art back to save money.

The initial euphoria was clouded by Porteous's unceremonious send-off. Porteous has been rumored to be on the Tory government's hit list since last fall. On July 2 he held a dramatic press conference announcing that he was about to be "terminated" and scolding the government of applying political criteria to cultural funding and jeopardizing the council's independence. But by the time that Masse announced Roberts's appointment, Porteous said he still had not received any notice of his dismissal, nor had he solicited his resignation. Said Porteous: "It's a terrible oversight. I blame for the case. His letdown should be dignified."

As members of the arts community welcomed Roberts's appointment, they also raised the two major challenges he faces to maintain the arm's-length relationship between government and the arts and to fight for the appointment of qualified people to the boards of arts agencies. But most observers say that Roberts's first task will be to attempt to end the tensions between the government and the Canada Council. It may be one of the former ambassador's larger diplomatic challenges.

—BLAIR MACKENZIE in Ottawa



Roberts' mission



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Matters of faith and innocence

AGNES OF GOD

Directed by Norman Jewison

On the Broadway stage, John Plummer's play *Agnes of God* was a stunning vehicle for three actresses. Elizabeth Ashley played Martha Livingston, the chain-smoking court

ward. As the psychiatrist who becomes drawn to Agnes's innocence and obsessed with peering at and in her "anatomy," Jane Fonda lacks the biting drive and fire that Ashley brought to the role. Her fine readings, brought largely into the form of questions to Agnes and the Mother Superior, are dry

possessed by her role that she made Plummer's nonsense sound something like poetry. But Tilly Hines driven herself into the physical frenzy that Plummer managed in the scenes where Agnes recites, under hypnosis, the horrors of the baby's death.

In *Playing Agnes of God*, Jewison has



Fonda (left), Tilly and Hines; Jewison (below) as an angelic nun, an obsessed psychiatrist and an alleged virgin who

psychiatrist examining the sanity of a young nun accused of strapping her own baby with its umbilical cord. For her great, soaring performance as the nun, Agnes, Amanda Plummer deservedly won a Tony Award. The third member of the cast, the Mother Superior who wants to protect Agnes from the psychiatrist's prying questions, was superbly played by Geraldine Page. For all that, *Agnes of God* was not a good play. Rather, it was a piece of murky detective fiction which brought out questions of faith, innocence and a virgin birth. Under the close scrutiny of the camera, *Agnes of God* emerges as a pitifully poor movie with a much less able cast.

Director Norman Jewison, who was so successful in transforming *A Soldier's Story* from stage to screen last year, is defeated even before he begins. As writer-by-screenwriter Plummer and producer by Anne Bancroft, the Mother Superior is too close the screen to belong in the Order of St. Benedict. Her opening line in greeting the psychiatrist is the predictable, "Dr. Livingston, I pre-

sented in my convent. Fonda is also the least convincing chain smoker to appear on screen in years.

The ultimate success of *Agnes of God* rests on the actress playing Agnes herself, an innocent without schooling and a hysterical woman who seems literally a product of making blood-tinged holes appear spontaneously in the palms of her hands. As a child she had been molested by her alcoholic mother, which apparently accounts for her visions. In playing the outwardly serene yet deeply traumatized postulate, Meg Tilly has an appropriately rare, even angelic quality. When she begins to talk in her little-girl voice about the "baby" she saw when she was 10—apparently the blessed virgin—the effect is laughable. On the stage, Plummer was so

made a number of poor choices. First, it would have been a wise idea to retain the original cast. As well, it was a major mistake to use Plummer as the screenwriter-angelic writer might have stood out of the play's excesses, or at least demystified some of the more painfully obvious connections between Martha Livingston and the nuns. Much of the latter died in a convent (how or why is never explained) and her smoking scene to be related in Agnes's mother's recollections of her with a burning cigarette. In an attempt to weave these pieces together, Plummer has created a hodgepodge of vague surrealism. Ultimately, *Agnes of God* is a consistency of sentimentality and fuzzy thinking.

—LOWENCE OTTOLE



Ogata: a career portrait of an artist as a young tortured writer

Jigsaw pieces of a life

MUSHIMA

Directed by Paul Schrader

It was not until after his suicide in 1970 by seppuku, or ritual disembowelment, that Japanese novelist Yukio Mishima gained a North American cult following. In his native country he had been a controversial figure, an artist who formed his own private army and who sought a return to the samurai code of the past. In fact, Mishima's life was much more seductively interesting than his work. His often wrote that words were an insignificant form of expression for him. American director Paul Schrader has also rendered film an inadequate means of expressing Mishima's life. As a film biography, *Mishima* is grossly misleading.

But Schrader was hooked from the beginning. In order to secure the rights to Mishima's work he had to pursue Mishima's widow, Yoko, that his film would not mention her husband's homosexuality. Making a film about a homosexual without addressing his sexual nature is an almost impossible task. In Mishima's case the situation is false. In his death scene as his life, because the decision to commit suicide was urged on him by a lover who committed suicide with him. Schrader's film presents the tortured writer's death as a last appeal to the Japanese army to return to the values of feudal soldiering. Ignoring Mi-

shima's sexuality is like pretending he was not Japanese.

Scripted by Schrader and his brother, Leonard, *Mishima* is unusually structured, divided into four sections, or chapters, titled Beauty, Art, Action and The Harmony of the Pen and the Sword. The action, which includes flashbacks in black-and-white to Mishima's childhood, begins on the morning of the seppuku ceremony and continues with the suicide. Continued until the first three parts are treated dramatic visualizations of Mishima's work—*The Temple of the Golden Pavilion*, *Naked Woman* and *Knowledge of Man*—each of which peaks during the final section. Schrader skillfully leads the viewer through the name of his plot, but he cannot convey the complexities of the man.

Instead, he presents jigsaw pieces of a life, which actor Ken Ogata, as Mishima, does not have the charisma to hold together. When he was a child, Mishima's grandmother, who named him and whose first he used to rob, called him her "fragile plant." But he soon made an unhealthy connection between violence and sex—his first encounter with masturbation was sadomasochistically triggered by seeing an incident in a picture of the Great St. Sebastian pierced with arrows. Because of religious taboos, Mishima was refused entrance into the Japanese army. The fragile teenager then became obsessed with bodybuild-

ing, coming to believe that the body was the supreme work of art and that "words had separated me from my body." Mishima sought to find a special purity—the harmony of pen and sword—that could only happen in a flash. He thought he would find it at death.

Mishima does convey something of the writer's philosophy, especially the exorcism from the movie, shot in abstract, symbolically landscapes brilliantly designed by Kuno Tanaka. Each episode ends with the kind of dramatic apophysis Mishima sought in his own life: a purifying fire, a sadomasochistic double suicide of his nature is assured from the screen.

—LOWENCE OTTOLE

MACLEAN'S BEST-SELLER LIST

Fiction

- 1 *Shogun*, James Clavell (1)
- 2 *The Tomorrow People*, Graham (2)
- 3 *The Color of Magic*, Piers (3)
- 4 *London*, Collins (4)
- 5 *The Fourth Deadly Sin*, Fleming (5)
- 6 *Chatterbox*, Duns (6)
- 7 *John Le Carré*, Duns (7)
- 8 *John Le Carré*, Duns (8)
- 9 *Condemned*, Higgins (9)
- 10 *The Burning Shore*, Smith (10)

Nonfiction

- 1 *James, James with Menzies* (1)
- 2 *Tragedy, Meyer and Jones* (2)
- 3 *A Russian for Everyone*, Meyer (3)
- 4 *A Day in the Life of Gorbachev*, Edited by Collins (4)
- 5 *My Brother's Lament*, Power, Diet, Meyer (5)
- 6 *Mr. Abraham's Body Type Program*, Abraham and King (6)
- 7 *Revelation with Moore*, Shewell (7)
- 8 *Shewell's Angel* (8)
- 9 *Robert of Old*, Foster (9)
- 10 *The Canadian*, Melnick (10)

(1) Fiction, best seller

Greenpeace's new global clout

By Allan Fotheringham

During the rebellious '60s a free newspaperman called Bob Ollivier was managing editor of the Vancouver Sun. Through his own kids, he could tell his paper, as with all the other tradition-heavy papers, was losing ground and circulation among the coming generation, wasn't relating to them. As a result, he quit, a gayling and making young men his target audience and gave him a prominent column of his own. Bob Hunter became the first "questerleader" columnist in a major Canadian paper. He wrote about drugs and the future of ecology and far-out things—mystifying half his readers who couldn't fathom this hippie stuff but striking a welcome chord with others. A *Wine* magazine, he had worked in a slaughterhouse and produced a brilliant first novel, *Kremlin*. He was the office take-out, kept well away from advertisers and others who were socks with their shoes. I shared an office with him at the time and he was always off on some wild scheme, attempting to get into an American nuclear test zone in Alaska.

Or saving the whales. One night in a church basement he gathered a group to start an environmentalist movie squad and, at adjournment, held up his head in the salute of that era "Peace." A chap headed out the door shouting, "Make it a green peace." And so, in 1970, Greenpeace was born.

From a Vancouver church basement, we now have an international incident, the French government badly shaken, an impending nuclear war and Greenpeace in the news columns in every paper around the globe. The French secret service is in disgrace, New Zealand is outraged and Greenpeace is now known worldwide, its opposition to nuclear testing given its best publicity yet. The sinking of the Greenpeace ship *Rainbow Warrior* in Auckland harbor and the death of a crew member are testaments to the "threat" of the cockroaches to at least one powerful nation. Hunter's idea has now spread to 45 countries, where

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some 1.8 million members contribute enough money to make Greenpeace a factor in any environmental battle in the world. The Americans, of course, now think they invented the organization, and the politics of the movement has since pulled control away from the Vancouver founding base. The world headquarters is now in Lewis, England.

The man in charge in Lewis is yet another strange story. Dave McTaggart, from a well-known Vancouver family, was a natural athlete who became the reigning Canadian badminton player back in the '50s. He was a Canadian

McTaggart snafu has 10-cm ketch into the French nuclear test zone in 1972 and was mistaken by a French messenger. The next year, while trying the same, his boat was boarded by French commandos and he was beaten so badly with a truncheon that he has only partial sight in one eye. His counterpart the French government has dragged through Paris courts for four years. As Greenpeace demands, and credibly, succeeded, the French were obviously worried about the British *Rainbow Warrior* was to lead into the Mururoa Atoll area that fall. So the boat, directed

by the badminton player who is now chairman of the board of Greenpeace, is blown up in the New Zealand berth and one of the crew is dead.

We are into an international sphere now. Greenpeace has engaged attorney Lloyd Cutler, former legal adviser to president Jimmy Carter, to plan action in the European Court of Human Rights at the Council of Europe in Strasbourg. Two agents of coast—the French, secret service—are awaiting trial in New Zealand on charges of murder and fire-bombing. The Mitterrand government even tried a disinformation tactic, suggesting that Greenpeace was a neo-fascist organization. That transparent gimmick collapsed as the true involvement of the DGSE became apparent. Admiral Pierre Lacoste, head of the secret service, appears ready for the sack and Defense Minister Charles Hernu may have to resign.

The *Rainbow Warrior* expects its right in with past activities of the French secret service, which over the past 40 years has been involved in scandals involving kidnappings, murders, bribery and Third World coups. At the Interpol meeting near Paris one of the service's first assassination weapons is even on display. It is a silent dart gun made from a bicycle pump—used to liquidate a German arms dealer in Geneva during the Algerian war.

Bob Hunter? He's still in Vancouver, doing travel articles, writing "the great western Canadian novel" and raising ducks and chickens and neither child "It is full circle," he says. "I guess I'm still a hippy."



"I'm glad we waited."

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